



## 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.



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,

A handwritten signature in black ink that reads "Douglas Black". The signature is written in a cursive, flowing style.

Douglas Black  
VP Network Engineering & Business Development



500 West Big Beaver  
Troy, Michigan 48084  
[www.troymi.gov](http://www.troymi.gov)

August 29, 2006

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

Leah Maher

Michigan Economic Development Corporation  
300 North Washington Square, 3<sup>rd</sup> 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,

A handwritten signature in black ink that reads "Phil Nelson". The signature is fluid and cursive.

Phil Nelson  
City Manager

cc: Mark Adams

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

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

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 <b>\$750,000.00</b>
6b. Cost of machinery, equipment, furniture and fixtures..... * Attach itemized listing with month, day and year of beginning of installation plus total costs	Personal Property Costs <b>\$750,000.00</b>
6c. Total Project Costs..... * Round Costs to Nearest Dollar	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	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	1/1/07	9/1/08	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> 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 Commitment 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 .....	_____

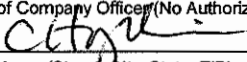
12a. Check the type of District the facility is located in:  
 Industrial Development District       Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit)      12c. Is this application for a speculative building (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 Douglas Black	13b. Phone Number (248) 918-2851	13c. Fax Number (248) 244-9400	13d. E-mail Address dblack@grid4.com
14a. Name of Contact Person Douglas Black	14b. Phone Number (248) 918-2851	14c. Fax Number (248) 244-9400	14d. E-mail Address 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 (248) 244-9400	15d. Date 9/20/06
15e. Mailing Address (Street, City, State, ZIP) 900 Wilshire Drive, Suite 310, Troy, MI 48084		15f. Phone Number (248) 244-8100	15g. E-mail Address 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 <input type="checkbox"/> Abatement Approved for _____ Years (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Denied (Include Resolution Denying)		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: <b>Check or Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit <b>Check or Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. ... <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.		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

<b>Personal Property</b>	<b>Total Cost</b>	<b>Date</b>
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
<hr/>		
<b>Total: \$ 670,000.00</b>		

<b>Land And Building Improvements</b>	<b>Total Cost</b>
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
<hr/>	
<b>Total: \$ 115,000.00</b>	



Applicant Name **Grid4 Communications**

**Fiscal Statement (to be completed by local unit)**

- |  | <u>YES</u>                          | <u>NO</u>                           |
|--|-------------------------------------|-------------------------------------|
| Is this project:   |                                     |                                     |
| Real Property?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Personal Property?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| Both Real and Personal Property - New Facility?            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Both Real and Personal Property - Rehabilitation Facility? | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Both New and Replacement Facility?                         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

Estimated Project Investment (not assessed value):


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

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

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 City Assessor, City of Troy
--	---

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

<b>Market Value</b>	750,000	687,525	572,983	429,795	286,587	167,224	83,645	34,872	11,633	2,912	486	41	0
<b>50% of Value</b>	375,000	343,763	286,492	214,897	143,294	83,612	41,823	17,436	5,817	1,456	243	20	0
<b>Year</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Depreciation</b>		0.9167	0.8334	0.7501	0.6668	0.5835	0.5002	0.4169	0.3336	0.2503	0.1670	0.0837	0.0004
<b>Taxable Value</b>		343,763	286,492	214,897	143,294	83,612	41,823	17,436	5,817	1,456	243	20	0

<b>Taxes</b>	<b>100% of Millage</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>	<b>Taxes</b>
<b>Trans</b>	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
<b>County</b>	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
<b>Int Schools</b>	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
<b>Comm Coll</b>	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
<b>State Ed</b>	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
<b>School Op</b>	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
<b>Sch Debt</b>	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
<b>Admin</b>	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
<b>City</b>	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
<b>Total</b>	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

<b>50% Total 12 Yr</b>	\$27,422.18	<b>Net Total Taxes Abated</b>
<b>50% Total City 12</b>	\$5,381.07	<b>Net Total City Taxes Abated</b>



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373 9808

WWW.MICHIGAN.ORG

EXECUTIVE COMMITTEE

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Chair  
General Motors

PHILIP H. POWER  
Vice-Chair  
HCN, Inc.

JAMES C. EPOLITO  
President & CEO

RICHARD E. BLOUSE JR., CCE  
Detroit Regional Chamber

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

DR. HAIFA FAKHOURI  
Arab American and  
Chaldean Council

STEVEN K. HAMP  
Ford Motor Company

HAYDEN H. HARRIS  
EDF Ventures

PAUL HILLEGONDS  
DTE Energy Company

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

ROBERT B. JONES  
City of Kalamazoo

BIRGIT M. KLOHS  
The Right Place, Inc.

F. THOMAS LEWAND  
Bodman LLP

DR. IRVIN D. REID  
Wayne State University

MICHAEL B. STAEBLER  
Pepper Hamilton LLP

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

\_\_\_\_\_  
Date



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373 9808

WWW.MICHIGAN.ORG

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.

#### EXECUTIVE COMMITTEE

MATTHEW P. CULLEN  
Chair  
General Motors

PHILIP H. POWER  
Vice-Chair  
HCN, Inc.

JAMES C. EPOLITO  
President & CEO

RICHARD E. BLOUSE JR., CCE  
Detroit Regional Chamber

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

DR. HAIFA FAKHOURI  
Arab American and  
Chaldean Council

STEVEN K. HAMP  
Ford Motor Company

HAYDEN H. HARRIS  
EDF Ventures

PAUL HILLEGONDS  
DTE Energy Company

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

ROBERT B. JONES  
City of Kalamazoo

BIRGIT M. KLOHS  
The Right Place, Inc.

F. THOMAS LEWAND  
Bodman LLP

DR. IRVIN D. REID  
Wayne State University

MICHAEL B. STAEBLER  
Pepper Hamilton LLP

ROBERT W. SWANSON  
Michigan Department of Labor  
& Economic Growth

DENNIS R. TOFFOLO  
Oakland County

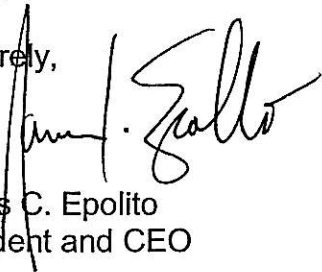
PETER S. WALTERS  
Guardian Industries Corp.

C. Christopher Hopkins  
Grid 4 Communications  
Page Two  
October 9, 2006

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.

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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
<b>MEGA Employment Tax Credit</b>		\$ 542,500		\$ 542,500
<b>Property Tax (PA 198)</b>	\$ 10,000	\$ 7,500		\$ 17,500
<b>EXPECTED SAVINGS</b>	\$ 10,000	\$ 550,000	\$ -	\$ 560,000
<b>TOTAL SAVINGS*</b>				\$ 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

## **Granholtm 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. Granholtm 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,” Granholtm 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 21<sup>st</sup> 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](http://www.michigan.org).

(more)



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

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

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## 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 not 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 except 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

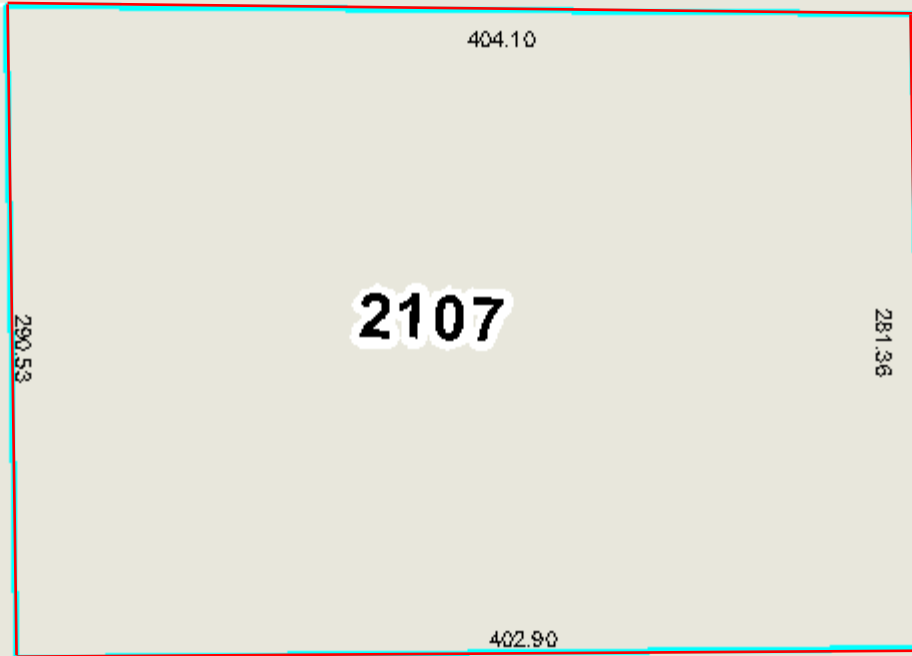
To Beg. 2.65A

12/20/84 From -012, -013, & -014

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

140.00 230.34 180.00  
150.00 235.34

MAPLELAWN



383.67

281.36

404.10

402.90

2107

CROOKS

Ariel View #88-20-29-426-046 2107 Crooks, Troy, MI

40.00

230.34

160.00

150.00

235.34

MAPLELAWN

404.10

2107

290.53

383.67

281.88

CROOKS

402.90

2

City of Troy - Michigan - Copyright (C) - 2006

1050

240.00

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

Signed: \_\_\_\_\_ (date) \_\_\_\_\_  
Tonni L. Bartholomew  
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**

**AFFIDAVIT OF PUBLICATION**

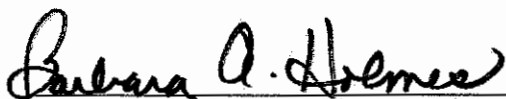
**State of Michigan**

**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, 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](mailto: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](mailto: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.