

MEMORANDUM

Date: June 15, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Kenneth Murdoch, Project Specialist
Packaging Team

Subject: Briefing Memo –Grand River Interactive LLC
High Technology MEGA Credit

COMPANY NAME

Grand River Interactive LLC
900 Victor Way Suite 100
Ann Arbor, Michigan 48108

HISTORY OF COMPANY

Grand River Interactive LLC is an e-commerce company based in Ann Arbor, Michigan. The company leverages and builds open-source technologies to develop and integrate retail e-commerce solutions for retailers throughout the U.S. Services include consulting, design, branding, system, integration, website hosting and site maintenance.

The company has experienced rapid growth since its start in November of 2007. The company's customers include internet retailer top 500 accounts located in Northern Illinois, Southern Wisconsin and Minnesota. Accounts include Gander Mountain, Discount Office Items and Doheny Enterprises.

Grand River Interactive LLC currently has 10 employees in Michigan.

PROJECT DESCRIPTION

Grand River Interactive LLC currently leases space in Ann Arbor, Michigan. The company is at capacity at their existing site and needs to locate an additional 2,000 to 4,000 square feet of space. The company is looking to lease the additional space at their existing facility or Kenosha, Wisconsin.

Grand River Interactive LLC will invest approximately \$1,017,200 and create up to 48 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,440. 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 in 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 100 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs, would be increased by \$995,000 (current dollars) due to the presence of this facility.

BUSINESS CASE

Grand River Interactive LLC has indicated a decrease in Michigan's workforce (technical resources) has driven up the cost of qualified employees and limited the number of qualified employees in Michigan. The development of 2 to 3 key accounts in the southern Wisconsin area make it compelling for Grand River Interactive LLC to consider their expansion closer to these accounts as it increases the opportunity for face to face meeting and minimizes travel costs.

OTHER STATE AND LOCAL ASSISTANCE

The value of a property tax abatement on the company's investment is minimal. The City of Ann Arbor is supportive of the project, and Ann Arbor SPARK has paid the MEGA Application Fee for Grand River Interactive LLC.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is advanced computing, as defined in the Act.

The company has certified that at least 10 percent of its total operating expenses are related to research and development.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology employment tax credit for 5 years for up to 48 net new employees in excess of the company's established base of 10.