



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**DATE:** September 19, 2006  
**TO:** Michigan Economic Growth Authority  
**FROM:** Jim Donaldson, Vice President  
Business Development  
**SUBJECT:** Briefing Memo – Grid4 Communications, Inc.  
High-Technology MEGA Credit

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**COMPANY NAME AND ADDRESS:**

Grid4 Communications, Inc.  
2107 Crooks Road  
Troy, Michigan 48084

**HISTORY OF COMPANY:**

Grid4 Communications is a Michigan-based, privately held, facilities-based Competitive Local Exchange Carrier (CLEC) headquartered in Troy, Michigan. Despite the tough times of the Telecommunications industry, Grid4 has flourished. Over the past five-years Grid4 has consistently delivered year-over-year growth in customer acquisition and retention, product and technology enhancements and most importantly, the creation of much needed high-tech Michigan-based jobs. Grid4 currently has 15 employees.

Grid4 delivers a host of retail and wholesale carrier class Next Generation IP Communication services; among them is a comprehensive portfolio of IP Voice (VoIP), Hi-Speed Dedicated Internet Access (Broadband), Private Data Networking Services (Virtual Private Networks - VPN) Unified Communications and Managed Solutions for Business. Grid4 has invested in a Private IP Network to build the next Generation Telecommunications Company. As a facilities-based company, Grid4 owns "the switch" which provides its customers with a converged voice and data network allowing the company to deliver cutting edge technology, keeping the client on top of the technological curve along with exceptional cost-savings and customer service.

**PROJECT DESCRIPTION:**

Grid4 is considering an expansion which would include the installation of a state-of-the-art data center. This secure and reliable data center will allow them to further enrich their current service offerings and provide the necessary infrastructure to support new products and services for Michigan businesses. Such new services could include, but are not limited too, data backup & recovery, web and FTP hosting, professional services and data center collocation.



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Should Grid4 decide to construct this data center in Michigan, it will do so at its Troy facility in Oakland County. Portions of this existing facility would undergo significant renovation to account for the necessary modifications in its security, climate-controls, fire suppression and power systems. In addition to making these environmental changes, Grid4 will undertake a substantial capital investment to deploy ancillary equipment to allow for the above services. The investment for this project is expected to exceed five-hundred thousand dollars over the next few years.

This project would require Grid4 to expand its team with more than 30-new positions within the next few years with an average hourly wages of over \$31.00 per hour.

Grid4 qualifies as a high technology company under the MEGA act definition. Advanced Computing – Technology used in the design and development of any of the following: Computer hardware and software; Data communications or Information technologies.

### **BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 48 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$565,000 (2006 dollars) due to the presence of this facility.

### **BUSINESS CASE:**

Grid4 has several options in deciding where to build its data center operation. In addition to providing more feature-rich services to business, advancements in technology have aided in reducing geographical restrictions previously placed on equipment within a network. Because of these technical abilities, Grid4 is able to place this data center anywhere in the world. The two likely alternatives are Tampa, Florida and Fort Worth, Texas.

### **OTHER STATE AND LOCAL ASSISTANCE:**

The City of Troy has proposed a 50 percent abatement for personal property related to this project for a period of six years. The estimated value of this abatement is \$17,485.

### **RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 6 years, for up to 33 net new employees.