

## Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 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, call (517) 373-3302.

To be completed by Clerk of Local Government Unit	
Signature of Clerk <i>Victoria R. Dorse</i>	Date Received by Local Unit <i>12/14/17</i>
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>Prairie Farms Dairy, Inc.</b>		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <b>202</b>	
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <b>126 Brady Road, Battle Creek, MI 49037</b>		1d. City/Township/Village (indicate which) <b>Battle Creek City</b>	1e. County <b>Calhoun</b>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment		3a. School District where facility is located <b>Battle Creek Central</b>	3b. School Code <b>13020</b>
		4. Amount of years requested for exemption (1-12 Years) <b>12</b>	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

SEE ATTACHED.

6a. Cost of land and building improvements (excluding cost of land) .....	▶ <b>4,081,465</b>
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	
6b. Cost of machinery, equipment, furniture and fixtures .....	▶ <b>0</b>
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs .....	▶ <b>4,081,465</b>
* 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	▶ <u>11/1/2017</u>	<u>4/30/2018</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	▶ _____	_____	▶ <input 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. No. of existing jobs at this facility that will be retained as a result of this project. <b>150</b>	10. No. of new jobs at this facility expected to create within 2 years of completion. <b>16</b>
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land) .....	<u>N/A</u>
b. TV of Personal Property (excluding inventory) .....	<u>N/A</u>
c. Total TV .....	<u>N/A</u>

12a. Check the type of District the facility is located in:

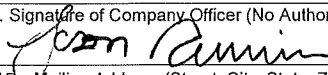
☒ Industrial Development District      ☐ Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit) <b>11.25.1975</b>	12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**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.

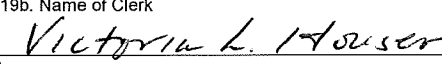
13a. Preparer Name <b>Scott Niehaus</b>	13b. Telephone Number <b>618-659-5700</b>	13c. Fax Number <b>618-659-5701</b>	13d. E-mail Address <b>pftax@prairiefarms.com</b>
14a. Name of Contact Person <b>Tom Davis</b>	14b. Telephone Number <b>269-441-6455</b>	14c. Fax Number <b>269-441-6456</b>	14d. E-mail Address <b>tdavis@prairiefarms.com</b>
▶ 15a. Name of Company Officer (No Authorized Agents) <b>Jason Geminn</b>			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number <b>618-659-5701</b>	15d. Date <b>12/12/17</b>
▶ 15e. Mailing Address (Street, City, State, ZIP Code) <b>3744 Staunton Rd, Edwardsville, IL 62025</b>		15f. Telephone Number <b>618-659-5700</b>	15g. E-mail Address <b>jgeminn@prairiefarms.com</b>

**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 _____ Yrs Real (1-12), _____ Yrs Pers (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. Notice to the public prior to hearing establishing a district. <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 <b>13020</b>	
17. Name of Local Government Body <b>City of Battle Creek</b>		▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original 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, and that any leases show sufficient tax liability.

19a. Signature of Clerk 	19b. Name of Clerk <b>Victoria L. Houser</b>	19c. E-mail Address <b>vlhouser@battlecreekmi.gov</b>
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <b>10 N Division Street, Battle Creek MI 49017</b>		
19e. Telephone Number <b>269 966 3348</b>	19f. Fax Number <b>269 966 3555</b>	

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:

**Michigan Department of Treasury  
State Tax Commission  
PO Box 30471  
Lansing, MI 48909**

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

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

**Michigan Department of the Treasury**

**Form 1012**

**Section 5**

The Prairie Farms Dairy, Inc.'s Battle Creek location will be expanding the south side of their facility to accommodate new production capacity, as well as, tanks and equipment to support a new Ultra Pasteurization production line for the plant.

The plant expansion would house five production tanks, one Vacuum Thermal Instant Sterilizer (VTIS), one Clean in Place (CIP) system and a series of storage racks for materials and ingredients. The expansion will be approx. 14,000 square feet.

Within the existing facility, we will be adding one Serac Sterile filler, one Sidel Stretch Molder, one High Temperature Short Time (HTST) pasteurization system, one high level palletizer and a series of various packaging systems to accommodate the various products we will produce.

The project will create an additional 16 full time jobs at the facility. The average wage for the new jobs will be \$18.31 to \$24.75 per hour. The total additional annual payroll will be approximately \$700,000 per year. The project will also help retain all current jobs without any layoffs. The current payroll is approximately \$7,000,000 per year.

For 2018, the company offers health insurance to all full time employees and the cost to the employees is only \$9.90 per week for single coverage and \$60.80 per week for family coverage. The annual deductible is \$600.

The company has a thrift retirement plan for which the employee must contribute 2% of their post-tax earnings to participate. Prairie Farms contributes an amount annually set by Board of Directors that depends upon on earnings. Historically, contributions have ranged between 10% and 15% of wages. All thrift plan participants receive the same percentage from the CEO down to the newest employee. The plan vests over 3 years.

We also have a dental and optical program available to employees. Working at Prairie Farms is not just a job. It is a career. The addition of this UHT bottle line will insure our jobs well into the future.

The new jobs will generate an estimated \$30,000 (4.25% tax rate) in individual withholding tax on an annual basis for the State of Michigan.

The Battle Creek plant will be the only Prairie Farms bottling plant that has the capability to produce Ultra High Temperature pasteurized dairy products in plastic bottles. The additional shelf life will allow Prairie Farms - Battle Creek to produce many different and cutting edge products. These new products will be distributed through Prairie Farms entire distribution system. Our farmer's products are distributed extensively through the Prairie Farms distribution system into 16 states and throughout warehouses to all 48 contiguous states. The raw milk will be supplied by Prairie Farms members and Michigan Milk Producers Association. When fully developed, Michigan raw milk will be sold across the country, helping our local farmers market their milk nationally.

In addition to the \$4 million spent on the extra plant floor space, the company is expecting to spend over \$24 million dollars on equipment to make the Battle Creek facility state of the art.

Our future plans include the space in this existing addition to add a second line in 3 to 4 years. The second line will fill larger size bottles. The "new" line is being designed to fill 48 to 128 ounce bottles. PF will also need to add on to our cooler in the nearer future to handle the increased volume.

**BATTLE CREEK CITY ASSESSOR**  
**INDUSTRIAL FACILITIES TAX EXEMPTION**  
**CHECKLIST FOR ATTACHMENTS TO APPLICATION**

- Legal description of the real property on which the facility is or will be located. This description would come from the last deed on the property. Include the parcel identification number (PIN) if it's available. You can get this information from an Assessment Change Notice, current tax bill or by calling the Assessor's office at 966-3369.  
SEE ATTACHED.

- Real property applications must have proof of the date construction started. Applicants can provide one of the following if the project has already started: building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact starting date.  
SEE ATTACHED.

- Complete copy of lease agreement as executed, if applicable. A lease is required for any real property that is leased instead of owned. The lease must show the applicant has direct responsibility for real property taxes. The lease must run the full length of the time the abatement, if granted by the City Commission.  
NOT APPLICABLE.

- A completed Industrial Facilities Exemption Agreement, signed by an official from the company.  
SEE ATTACHED.

- A completed Industrial Facilities Exemption Fee Affidavit that is signed by an official from the company and notarized.  
SEE ATTACHED.

**Prairie Farms Dairy, Inc.**

**Industrial Facilities Exemption Application Attachment**

**2017**

**Legal Description of the Real Property**

PIN 3020-01-035-4

BC – FORT CUSTER URBAN RENEWAL PLAT PART OF LOTS 33, 34, 35 & 36: BEG ELY MOST COR OF SD LOT 35 – S 37° 33' 12" W ALG SELY LI OF LOT 35 A DIST OF 356.06 FT – S 54° 46' 21" E 18.01 FT – SLY ALG WLY LI OF GEISLINGER DR ROW & ARC TO LT 335.91 FT (RAD 334.56 FT; CHORD BRG S 06° 27' 50" W 321.98 FT) – S 22° 17' 59" E ALG SD WLY R/W LI IST OF 168.15 FT – SLY ALG ARC TO LT 63.31 FT (RAD 45 FT; CHORD BRG S 18° 00' 17" W 58.21 FT) – SWLY ALG NWLY LI OF HILL-BRADY RD & ARC TO LT 103.01 FT (RAD 483 FT; CHORD BRG S 52° 11' 38" W 102.82 FT) – S 46° 05' 03" W ALG SD NWLY LI 79.88 FT – N 52° 28' 33" W 311.01 FT – N 52° 26' 48" W 936.13 FT – N 26° 15' 04" E 503.68 FT – N 85° 29' 18" 141.49 FT ALG LI COMMON TO LOTS 33, 24 & 25 TO NE COR OF LOT 33 – S 04° 22' 15" E ALG LI COMMON TO LOTS 33 & 24 DIST OF 109.34 – S 49° 48' 29" E 40 FT – NELY ALG SELY LI OF LOT 34 THE FOLLOWING: N 40° 11' 31" E 116.67 FT – NELY ALG ARC TO RT 290.06 FT (RAD 837.04 FT; CHORD N 50° 05' 01" E 288.61 FT) – N 60° 00' 40" E 48.03 FT TO END OF SD COURSES – S 52° 26' 48" E 730.48 FT TO POB, CONT 22.44 AC ((FROM 1983 THRU 2010, SD PART OF LOTS 33, 34 & 35 ASSESSED WITH #3020-01-033-0, #3020-01-034-0 & #3020-01-035-0, RESPECTIVELY; FROM 1983 THRU 2003, SD PART OF LOT 36 WITH #3020-01-036-0, IN 2004 THRU 2010 SD PART OF LOT 36 WITH #3020-01-035-0))



## City of Battle Creek

10 N. Division Street, Battle Creek, Michigan Phone: 269.966.3382 Fax: 269.966.3654

### INSPECTION DIVISION

PB17-00801

Issued: 11/01/2017

Expires: 04/30/2018

**Building**

Please call 269.966.3382 for an inspection 24 hours in advance. Staff will schedule your request, please do not schedule directly with the inspector.

Type of Construction: 2B

Occupancy Group: F-1, S-1

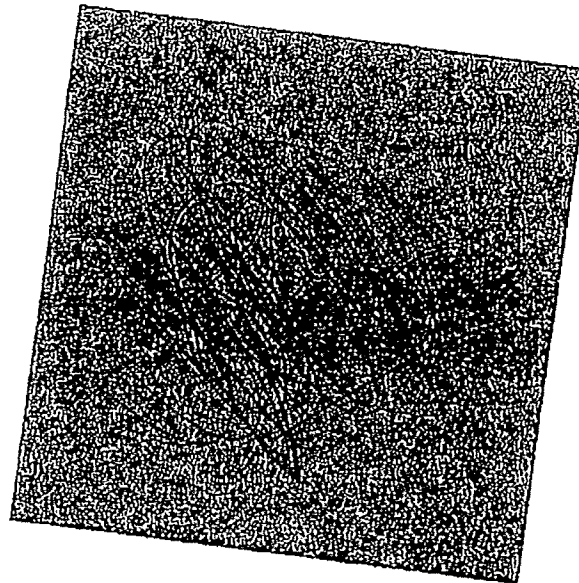
Edition of Code: 2015 Michigan Building Code

LOCATION		TAXPAYER	APPLICANT
126 BRADY RD 3020-01-035-4 Plat/Sub:	Lot:  12	PRAIRIE FARMS DAIRY INC 3744 STAUNTON RD EDWARDSVILLE IL 62025-6936 Phone: Fax:	UNITED INSULATED STRUCTURES 5430 ST CHARLES RD BERKELEY IL 60163 Phone: (708) 544 8200 Fax: (708) 544 8274

Work Description: addition to existing facility - add'l production and dry storage PAID under PB17-00851

Stipulations:

Permit Item	Work Type	Fee Basis	Item Total
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Fee Total: \$0.00  
Amount Paid: \$0.00  
Balance Due: \$0.00

Plan Reviewer

Inspector

### INDUSTRIAL FACILITIES EXEMPTION AGREEMENT

This Agreement is entered into as required and authorized by Public Act 334 of 1993 and made in connection with an Application for an Industrial Facility Exemption Certificate by the Applicant named below.

This agreement is entered into between the City of Battle Creek, a Michigan municipal corporation, hereinafter "City", whose address is P.O. Box 1717, Battle Creek, MI 49016-1717, and PRAIRIE FARMS DAIRY, INC. whose address is 126 BRADY ROAD, BATTLE CREEK, MI 49037, hereinafter "Applicant".

For and in consideration of the granting of an Industrial Facilities Exemption Certificate pursuant to Public Act 198 of 1974, the parties agree as follows:

1. Commitments made by Applicant in this Agreement are binding on Applicant if and only if the City Approves an Industrial Facilities Exemption Application filed by Applicant on DECEMBER 13, 20 17 ("Application") and the Application is approved and a Tax Exemption Certificate is issued by the Department of Treasury State Tax Commission pursuant to Act 198.
2. Applicant agrees that the facility for which it has filed the above Application is a new facility.
3. Applicant agrees that the facility will be constructed in not more than two assessment years.
4. Applicant represents that the real property improvements represent an investment equal to at least 20% of the current true cash value of the property as determined by the Assessor or more than \$100,000.00
5. Applicant agrees that prior to October of each year and upon reasonable notice at other times, it will supply such information to City as may be necessary for City staff to enable it to prepare a report to the City Commission and State regarding Applicant's compliance with abatement guidelines and the law.
6. Applicant agrees to expend approximately \$4,081,465 (\$                    ) on the improvements that are the subject of the Application named above.
7. Applicant agrees that if the abatement is granted, it will create and hire not less than 16 full-time job equivalent positions not existing as of the date of the Application and not later than NOVEMBER 1, 2019. City recognizes that business conditions, including but not limited to NAFTA, may make it impossible to meet the commitments contained in this paragraph.
8. Applicant agrees that it will retain no less than 150 full-time job equivalent positions as measured from the date of the Application and for as long as the Certificate issued pursuant to the Application is in effect. City recognizes that business conditions, including but not limited to NAFTA, may make it impossible to meet the commitments contained in this paragraph.
9. City agrees that so long as the conditions of this agreement and of the law are fulfilled, it will not seek to revoke the Tax Facility Exemption Certificate issued

by the State of Michigan as a result of the above-mentioned Application during the term of that Certificate.

10. City and Applicant agree that any material violation of this Agreement shall be grounds to revoke the Industrial Facilities Exemption Certificate issued pursuant to this Application and city may pursue such remedies as provided by law.

In addition, Applicant agrees that if it ceases operation of its facility before the expiration of the Certificate granted in reliance of this contract it shall be liable to City as partial liquidated damages the following:

A sum of money equal to the current total annual tax savings of this certificate divided by 12 and multiplied the number of months remaining in the year of closure not counting the month of closure. Said sum payable upon demand of City.

Executed at Battle Creek, Michigan, the dates written below.

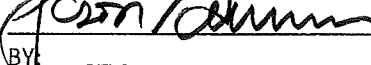
DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Its: City Manager

DATED: 12/12/17 \_\_\_\_\_

Applicant: \_\_\_\_\_

BY:  \_\_\_\_\_

Its: CFO



INDUSTRIAL FACILITIES EXEMPTION  
FEE AFFIDAVIT

STATE OF MICHIGAN )  
 )  
COUNTY OF CALHOUN )

JASON GEMINN

and \_\_\_\_\_

being first duly sworn, depose and say as follows:

1. I am a representative of PRAIRIE FARMS DAIRY, INC.  
Applicant for an Industrial Facilities Exemption Certificate, and make this Affidavit based on my own knowledge.
2. I, \_\_\_\_\_, City Manager of the City of Battle Creek, am an official of the City of Battle Creek and I make this Affidavit based on my own knowledge.
3. The named individuals swear or affirm that no payment of any kind in excess of the fee allowed by Act 198, as amended, has been made or promised in exchange for favorable consideration of a contemporaneous exemption certificate application.

Further Deponents sayeth not.

WITNESSES:

Michael Hug  
[Signature]

[Signature], Applicant

JASON GEMINN - PRAIRIE FARMS DAIRY, INC.

BY:  
CFO

ITS:

~~STATE OF MICHIGAN )~~  
~~COUNTY OF CALHOUN )~~  
ILLINOIS  
MACOUPIN<sup>SS</sup>

Subscribed and sworn to before me this 12th day of December, 2017.

Christi Harris

Notary Public

~~Calhoun County, Michigan~~ Macoupin County, ILLINOIS  
My Commission Expires: 1-02-2021



WITNESSES

CITY OF BATTLE CREEK

\_\_\_\_\_

BY:

City Manager

STATE OF MICHIGAN )

) ss

COUNTY OF CALHOUN )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Notary Public

Calhoun County, Michigan

My Commission Expires: \_\_\_\_\_