

**Applicant:** Prestage Foods of Iowa, LLC  
**Project Sponsor:** City of Mason City  
**Award Date:** March 29, 2016  
**Version:** 3/29/2016, 10:24 AM

16-HQJP-42

## Executive Summary

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Prestage Farms is a 33 year old "Top 5" producer of live hogs and live turkeys in North Carolina, South Carolina, Mississippi, Texas, Oklahoma, and Iowa. The company sells live animals to multiple pork and turkey processing operations across the United States. The company also operates its own turkey processing plant in North Carolina.

Prestage Foods of Iowa is proposing to build a 675,000 s.f. pork slaughter and fabrication plant in Mason City, Iowa. The company anticipates that the facility will be production ready approximately 22 months after ground is broken. The plant will produce fresh and frozen pork products for sale to retail markets, wholesale markets, further processors, food service operations, and export markets. This plant will utilize mid-western hogs and increase demand for stock from independent hog operations in Iowa.

### Award Summary

Direct Financial Assistance		
Forgivable Loan	\$	-
5-year 0% Loan	\$	-
<b>Total</b>	<b>\$</b>	<b>-</b>
<b>Secured by: N/A</b>		
Tax Credits		
Investment Tax Credit	\$	8,630,250
Sales, Service, Use Tax Refund	\$	2,850,000
Research Activities Credit	\$	-
Targeted Jobs Withholding Credit	\$	-
Other (Describe)	\$	-
<b>Total</b>	<b>\$</b>	<b>11,480,250</b>

### Project Jobs

	Incented	Other	Total Jobs
<b>Created</b>	332	590	<b>922</b>
<b>Retained</b>	0	0	<b>0</b>
<b>Total</b>	<b>332</b>	<b>590</b>	<b>922</b>

## Contract Conditions

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None.

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## Project Budget

<i>Use of Funds</i>	<i>Cost</i>	<i>Source of Funds</i>	<i>Amount</i>	<i>Form</i>
Land Acquisition	\$ 4,400,000	Wells Fargo	\$ 240,000,000	5% Loan
Site Preparation	\$ 5,000,000		\$ -	
Building Construction	\$ 90,000,000		\$ -	
Mfg. Machinery & Equip.	\$ 132,850,000		\$ -	
Other Machinery & Equip.	\$ 5,500,000		\$ -	
Computer Hardware	\$ 1,000,000		\$ -	
Computer Software	\$ 750,000		\$ -	
Furniture & Fixtures	\$ 500,000		\$ -	
	\$ -		\$ -	
<b>TOTAL</b>	<b>\$ 240,000,000</b>	<b>TOTAL</b>	<b>\$ 240,000,000</b>	

\*- Local match for the project

### Notes on Project Budget

The Company is seeking benefits through the High Quality Jobs Program in the form of tax credits in the estimated amount of \$11,480,250.

## Indirect Project Contributions

<i>Source of Funds/Contribution</i>	<i>Amount</i>	<i>Form / Term</i>
TIF Rebate	\$ -	
Mason City/Tax Abatement *	\$ 11,160,000	50% for 10 years
In-kind contribution (Describe)	\$ -	
NICC/260E Job Training	\$ 3,300,000	Job Training
Local Permitting Fees *	\$ 250,000	Fee Waivers
<b>TOTAL</b>	<b>\$ 14,710,000</b>	

\*- Local match for the project

## Project Jobs

### Job & Wage Information

Business' Base Employment: 0 (currently employed at this location)  
 Verification Source: N/A

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<b>Proposed:</b>	<b>Incented Jobs</b>	<b>Other Jobs</b>	<b>Total Project Jobs</b>
Created	332	590	<b>922</b>
Retained	0	n/a	<b>0</b>
<b>Total Project Jobs</b>	<b>332</b>	<b>590</b>	<b>922</b>

<b>Laborshed Area</b>	<b>Distressed County?</b>	<b>Brownfield /Grayfield</b>	<b>Laborshed Wage 100%</b>
Mason City	Yes	No	\$15.79/hr

### Prior Awards

None.

### Competition

The competition in the fresh pork business is national but some competitors, including Tyson Foods, Cargill, JBS and Smithfield, operate Iowa facilities. The proposed facility will purchase "open market" livestock and will provide Iowa farmers an additional buyer of their livestock, thus increasing competition for hogs and helping Iowa producers.

### Additional Project Information and Timeline

<b>Activity</b>	<b>Activity Completion Date</b>
Site preparation	September 2016
Building construction	May 2018

### High Quality Jobs Program Tax Credits

**Capital Investment** \$239,250,000  
**Qualifying Investment** \$233,750,000  
**Investment Qualifying for Tax Credits** \$233,250,000

<b>Tax Benefits</b>	<b>Included in Award</b>	<b>Maximum Value</b>
Refund of sales, service or use taxes paid during construction	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$2,850,000



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Refund of sales taxes paid on racks, shelving, and conveyor equipment ( <i>warehouse/DC projects only</i> )	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$0
Investment tax credit ( <i>negotiated to 3.7%</i> )	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$8,630,250
Supplemental research activities tax credit	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$0
<b>MAXIMUM AWARD – STATE’S PORTION</b>		<b>\$11,480,250</b>
<u>Local</u> Property Tax Exemption through the High Quality Jobs Program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	\$0
<b>TOTAL VALUE of State and Local benefits through program</b>		<b>\$11,480,250</b>

**Investment Tax Credit Amortization Schedule**

State FY 2016	July 1, 2015	through	June 30, 2016	\$1,726,050
State FY 2017	July 1, 2016	through	June 30, 2017	\$1,726,050
State FY 2018	July 1, 2017	through	June 30, 2018	\$1,726,050
State FY 2019	July 1, 2018	through	June 30, 2019	\$1,726,050
State FY 2020	July 1, 2019	through	June 30, 2020	\$1,726,050

**Employee Benefits**

Company provides sufficient benefits:

- Pays at least 80% of single coverage medical premiums & meets deductible level (or part of the deductible is offset by additional premium cost) based on number of Iowa employees at time of application
- Pays at least 50% of family coverage medical premiums & meets deductible level (or part of the deductible is offset by additional premium cost) based on number of Iowa employees at time of application
- Provides some level of medical insurance and provides a monetary equivalent through the following benefits:

**Contract Information**

Project Award Date: March 29, 2016  
 Project Performance Completion Date: March 31, 2019  
 Project Maintenance Completion Date: March 31, 2021