



CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members
From: Krista Linke, Director
Date: July 2nd, 2014
Re: Case EDC 2014-04 – Pridgeon & Clay, Inc.

Case EDC 2014-04 – Pridgeon & Clay, Inc.: A request for a 10-year tax abatement on \$500,000 in real property and a 7-year abatement on \$3,300,000 in personal property investment.

Location: 150 Arvin Road

Summary:

1. Characteristics of this location:

Pridgeon & Clay is located at the northeast corner of Graham Road and Arvin Road. Their 74,000 square foot existing facility specializes in lighter gauge stamping. This facility offers progressive stamping up to 400 ton, with multiple presses available. Pridgeon & Clay offers MIG Weld Cells and resistance welding capabilities, as well as tube cutoff, sizing, and forming services. Pridgeon & Clay's Franklin location is TS-16949 and ISO-14001 certified.

2. Characteristics of this petitioner:

Pridgeon & Clay is one of the largest independent, value-added manufacturers and suppliers of automotive stamped and fine-blanked components in the United States. Founded in 1948 by John Pridgeon and Donald Clay, the company has grown from its roots in Grand Rapids, Michigan, to provide engineering, design, A2LA accredited testing and manufacturing services to industries such as automotive, heavy truck, agriculture, battery, fuel cell and alternative energy. With more than 80 engineers on staff and more than 1,000 employees globally, Pridgeon & Clay has the experience to take products from ideation through prototype and on to serial production. The company has more than 100 presses around the globe to meet customers' needs.

3. Characteristics of this project:

The applicant plans to construct a new office building adjoining the current facility and install a new stamping line and one new assembly line.

4. Economic Revitalization Area (ERA):

This property was previously designated an ERA by Resolution 2012-04 and confirmed by Resolution 2012-05.

5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. ERA & Tax Abatements Findings (Personal Property):

Indiana Code Section 6-1.1-12.1-4.5 states that the following findings must be made when considering an ERA designation and the granting of tax abatement for personal property:

- a. Whether the estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the instillation of new manufacturing equipment;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new manufacturing equipment; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

7. City of Franklin "Tax Abatement Policy" criteria:

The "Tax Abatement Policy" section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations*: The number of jobs being retained at this location is 82. The number of new jobs being created is 18. Of the 18 new jobs being created:

- 2 managerial/professional specialty occupation positions with an average hourly wage of \$25.00
- 4 technical/sales/administrative support positions with an average hourly wage of \$23.00
- 2 precision production/craft/repair positions with an average hourly rate of \$15.50
- 10 operators/fabricators/laborer positions with an average hourly wage of \$12.50

Wage figures do not include benefits. A summary of benefits provided to employees has been provided and is included at the end of the staff report as Attachment A.

- Diversification of Local Employment:* According to the 2012 U.S. Department of Commerce, U.S. Census Bureau, the fabricated metal product manufacturing sector makes up 25% of the manufacturing sector in Johnson County. According to www.stats.indiana.edu, there were 33 fabricated metal product manufacturing establishments in Johnson County in the first quarter of 2013.
- Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2012 was \$14.98. The average hourly wage in Johnson County for fabricated metal product manufacturing was \$24.08 per hour. The average hourly wage (without benefits) for the 82 jobs being retained with Pridgeon & Clay is \$16.85. The average hourly wage (without benefits) for the 18 new jobs with Pridgeon & Clay is \$13.90.
- Sustainable Land Use:* The petitioner proposes to make this investment at their existing Franklin location.
- Future Community Investment:* The applicant should share with the EDC their plans for future community investment. The company has indicated on their application that they are agreeable to a 2% economic development fee on real property improvements, and a 5% economic development fee on personal property improvements.
- Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Manufacturing. Manufacturing areas are intended to accommodate large scale businesses that produce finished products from raw materials. Uses in these areas may include products manufacturing as well as any related warehousing and offices. Manufacturing areas may include facilities that involve emissions or the outdoor storage of materials and finished products. These two factors are the primary distinction between manufacturing areas and light industrial areas.

The property is zoned IG, Industrial: General. The "IG," Industrial: General zoning district is intended to provide locations for general industrial manufacturing, production, assembly, warehousing, research and development facilities, and similar land uses. This district is intended to accommodate a variety of industrial uses in locations and under conditions that minimize land use conflicts. This district should be used to support industrial retention and expansion in Franklin.

8. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

9. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2015, payable 2016.

Staff Comments:

This tax abatement petition proposes an expansion to an existing Franklin company and will utilize existing public infrastructure. They are able to expand at their existing location and add jobs. The average hourly wage is lower than the average hourly wage for all industries in Johnson County. The last abatement this company received was approved in 2000. It was a 6 year personal property abatement that expired in 2007, pay 2008.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: BRIDGES AND CLAY, INC.
 Primary Contact Name: DANIEL TODARO
 Contact Address: 150 ARVIN RD
 City: FRANKLIN State: IN Zip: 46131
 Phone Number: (317) 735-1555 (616) 304-9145
 Email: dtodaro@bridgesandclay.com
 Three possible dates before the EDC meeting to conduct a site visit: 6/27/14, 7/7/14, 7/8/14
 Name of Owner: _____
 Parent Company (if Applicable): _____

Primary Contact for Yearly Compliance Reports

Name: DANIEL TODARO
 Title: PLANT MANAGER
 Address: 150 ARVIN RD
 City: FRANKLIN State: IN Zip: 46131
 Phone Number: (616) 304-9145
 Email: dtodaro@bridgesandclay.com

Description of Project

Project Location/Address: 150 ARVIN RD
 Parcel Number: _____
 Brief Description of Project:
CONSTRUCT NEW OFFICE BUILDING ADJOINING CURRENT FACILITY AND INSTALL ONE NEW STAMPING LINE AND ONE NEW ASSEMBLY LINE

Current Assessed Value (AV) of the Property:

- | | |
|--------------|---------------------|
| 1. Land | _____ |
| 2. Building | <u>\$ 1,108,800</u> |
| 3. Inventory | _____ |
| 4. Equipment | <u>\$ 1,129,300</u> |

Have building permits been applied for (if applicable): Yes No
 Has equipment been installed (if applicable): Yes No

Required Attachments:

- | | |
|---|--|
| <input type="checkbox"/> Completed SB-1 Form(s) | <input type="checkbox"/> Summary of Benefits (if applicable) |
| <input type="checkbox"/> Legal Description of the Property | <input type="checkbox"/> Employment Phase-In Schedule |
| <input type="checkbox"/> Company Financial Statement | <input type="checkbox"/> Company Investment Timetable |
| <input type="checkbox"/> Job and Wage Description Information Sheet | <input type="checkbox"/> Compliance Affidavit |

Type of Abatement Requested

Real Property Personal Property
Length of Abatement Requested: 10 Years
Project Size (square feet): 6,000 Size of Site (acres): 10
Type of Building:
Multiple Tenants (leased) Single Tenant (leased) Owner Occupied Corporate Headquarters

Capital Investment

1. Real property capital investment only: 7500,000
2. Personal property capital investment only: \$3,300,000
3. Total capital investment for proposed project: 10,800,000

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 18
2. Estimated number of full time jobs retained as a direct result of the proposed project: 82
3. Total number of full time jobs upon project completion: 100

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) \$13.90
2. Average hourly wage rate for jobs retained (w/o benefits) \$13.90

***In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: Attach additional sheets as necessary.

THIS ABATEMENT WILL ALLOW PRIDGEMAN AND CLAY FINANCIAL FEASIBILITY TO ADD EQUIPMENT FOR MANUFACTURING AND SUPPLY INDIANA AND REGION COMPANIES AND ADD JOBS.

Company Information

How long has the company been in existence? 1945
Current address of company headquarters and duration at that address: 50 COTTAGE GROVE BLVD GRAND RAPIDS, MI 49507 (1955)

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 90%

Have you ever received tax abatement at your current location? Yes No
If yes, when and for what term? 1997 10 years

What specifically has the company done to give back to the community: FRANKLIN CHAIRS OF COMMERCE, 100 RELAY FOR LIFE, AND UNITED WAY

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (www.franklin.in.gov) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes No
If yes, at what percent(s)? 2%/5%



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R4) 2-13
Prescribed by the Department of Local Government Finance

20__ PAY 20__

FORM SB-1 / Real Property

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1-1-12-1-5-1(c) and (d).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1-1-12-1-4)
 Residentially distressed area (IC 6-1-1-12-1-4-1)

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body **BEFORE** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS (IC 6-1-1-12-1-4).
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation. **BEFORE** a deduction may be approved.
- To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. If the property owner misses the May 10 deadline in the initial year of occupation, he can apply between March 1 and May 10 of a subsequent year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits (IC 6-1-1-12-1-5-1(b) and IC 6-1-1-12-1-5-3(j)).
- The schedules established under IC 6-1-1-12-1-4(d) for rehabilitated property apply to any economic revitalization areas designated after June 30, 2000, unless an alternative deduction schedule is adopted by the designating body (IC 6-1-1-12-1-17). The schedules effective prior to July 1, 2000, shall continue to apply to economic revitalization areas designated before July 1, 2000.

SECTION 1 TAXPAYER INFORMATION					
Name of taxpayer Pridgeon and Clay, Inc.					
Address of taxpayer (number and street, city, state, and ZIP code) 50 Cottage Grove SW, Grand Rapids, MI 49507					
Name of contact person Bruce Penno			Telephone number (616) 248-4819	E-mail address bpenno@pridgeonandclay.com	
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT					
Name of designating body City of Franklin				Resolution number	
Location of property 150 Arvin Rd.			County Johnson	DLGF taxing district number	
Description of real property (improvements, redevelopment or rehabilitation) (use additional sheets if necessary) New construction for two-story office building adjoining the current facility, to include a lobby, private and open offices, facilities, conference rooms, and open space for future use				Estimated start date (month, day, year) 09/02/2014	
				Estimated completion date (month, day, year) 12/08/2014	
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT					
Current number 82.00	Salaries \$16.85	Number retained 82.00	Salaries \$16.85	Number additions 18.00	Salaries \$20,416 \$13.90
SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT					
			REAL ESTATE IMPROVEMENTS		
			COST		ASSESSED VALUE
Current values			500,000.00		
Plus estimated values of proposed project			0.00		0.00
Less values of any property being replaced					
Net estimated values upon completion of project					
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER					
Estimated solid waste converted (pounds) 0.00			Estimated hazardous waste converted (pounds) 0.00		
Other benefits No additional waste generated to be converted. Maintain zero exposure certification.					
SECTION 6 TAXPAYER CERTIFICATION					
I hereby certify that the representations in this statement are true					
Signature of authorized representative <i>Bruce Penno</i>			Title VICE PRESIDENT	Date signed (month, day, year) 06/24/2014	



**STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51764 (R / 1-06)
Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

INSTRUCTIONS:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction. *Projects planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, **BEFORE** a deduction may be approved
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))

SECTION 1		TAXPAYER INFORMATION							
Name of taxpayer		PRIDGON AND CLAY, INC							
Address of taxpayer (number and street, city, state, and ZIP code)		50 COTTAGE GROVE SW, GRAND RAPIDS, MI 49507							
Name of contact person		Telephone number							
BRUCE PENNO		(616) 245-4519							
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT							
Name of designating body		Resolution number (s)							
CITY OF FRANKLIN									
Location of property		County							
152 REVISED		JACKSON							
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary)		ESTIMATED							
NEW STAMPING LINE WITH FIVE PRESSES AND AUTOMATED TRANSFERS, AND THREE NEW ROBOTIC WELD CELLS.		START DATE	COMPLETION DATE						
		Manufacturing Equipment	9/2/2014 4/24/2015						
		R & D Equipment	- -						
		Logist Dist Equipment	- -						
		IT Equipment	- -						
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT							
Current number	Salaries	Number retained	Salaries	Number additional	Salaries				
52	\$13.90	52	\$13.90	15	\$13.90				
SECTION 4		ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT							
NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.		MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Current values									
Plus estimated values of proposed project		\$3,300,000							
Less values of any property being replaced		0	0						
Net estimated values upon completion of project									
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER							
Estimated solid waste converted (pounds)				Estimated hazardous waste converted (pounds)					
0				0					
Other benefits:		NO ADDITIONAL WASTE WILL BE GENERATED. MAINTAIN ZERO EXPOSURE CERTIFICATION							
SECTION 6		TAXPAYER CERTIFICATION							
I hereby certify that the representations in this statement are true.									
Signature of authorized representative				Title				Date signed (month, day, year)	
Bruce Penno				VICE PRESIDENT				06/27/14	

**JOB AND WAGE DESCRIPTION
FOR TAX ABATEMENT APPLICATION**

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition (*Please specify all wages in an hourly format without benefits*):

- (1) Company NAICS code: 332110.
- (2) The total number of jobs current at the site: 82, the number of those jobs that will be retained as a direct result of the proposed investment 82, and the number of new jobs which will be created as a direct result of the proposed investment 18.
- (3) The total number of full-time employees at the site: 82.
- (4) The total number of temporary and/or contract employees currently at the site: 0.
- (5) The average hourly wages for the new jobs: \$13.90.
- (6) Will the new jobs being created begin as temporary and/or contract employees? No
If yes, please provide an explanation of the typical transition process to full time:

(7) Number of new and/or retained jobs in:

- (a) Managerial/Professional Specialty Occ.: 2 Average Hourly Wage: \$25.00
- (b) Technical/Sales/Admin. Support Occ.: 4 Average Hourly Wage: \$23.00
- (c) Service Occ.: 0 Average Hourly Wage: _____
- (d) Precision Production/Craft/Repair Occ.: 2 Average Hourly Wage: \$15.50
- (e) Operators/Fabricators/Laborers: 10 Average Hourly Wage: \$12.50

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

(8) Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.

**EMPLOYMENT PHASE-IN SCHEDULE
SAMPLE JOB CREATION/RETENTION TIMETABLE**

Year of Abatement	Job Type 1	Job Type 2	Job Type 3	Job Type 4	Total
1st Quarter	2015	2015	2015	2015	2015
2nd Quarter					11
3rd Quarter					
4th Quarter					
Year of Abatement	2016	2016	2016	2016	2016
1st Quarter					15
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2017	2017	2017	2017	2017
1st Quarter					15
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL					

SAMPLE COMPANY INVESTMENT TIMETABLE

Year of Abatement	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
2015	2015	2015	2015	2015	2015
1st Quarter	1,000,000	1,300,000			2,300,000
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2016	2016	2016	2016	2016
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2017	2017	2017	2017	2017
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL					

Attachment A



Pridgeon & Clay Inc.

Manufacturers of Metal Stampings and Assemblies

TS-16949: Certified QMS
ISO-14001: Certified EMS

The following is an overview of Pridgeon & Clay's benefit package.

Pridgeon and Clay, Inc. offers health insurance to all P&C employees at no cost after two complete calendar months of employment. The same coverage is also available to the employee's dependents. Qualified dependents are children under the age of twenty-six and spouses who do not have health care coverage made available to them through their employer. The cost for this coverage is \$10.00 per week. The Pridgeon and Clay Health Trust provides insurance through BCBS (Blue Cross Blue Shield).

This level of coverage is contingent on the employee's (including spouse, if he or she enrolls in the Company Health Plan) participation with the Company's Wellness Program.

P&C also has dental coverage. This coverage is available to the employee (including the family) at \$5.00 per week. Under this plan, employees are allowed two cleanings, including one set of x-rays, per calendar year which is covered at 100%. Other dental work beyond this requires a \$50.00 deductible per year and the rest of the bill will be paid at 80%.

After two complete calendar months of employment, employees are also eligible for life insurance, including short term and long term disability.

P&C has two retirement plans, 401(k) and Employee Stock Ownership. An employee can enroll in the 401(k) after one calendar quarter year of service. An employee can contribute up to the top limit of what the federal government allows which is currently \$17,000 for employees under the age of 50 and \$22,000 for employees 50 and older. The company will match that contribution by 25% (\$0.25 cents to the \$1.00). An employee must have three years of service before becoming 100% vested. All employees are enrolled in the ESOP plan after one year of service. An employee must have three years of service in the company before becoming 100% vested.

All salary positions start with two weeks of vacation. After five years of employment, all employees receive three weeks of vacation. After ten years of employment, all employees receive four weeks of vacation and after fifteen years, all employees receive five weeks of vacation.

P&C offers education reimbursement after one year of employment. In order for employees to be reimburse, the class program has to be relevant to P&C and the employee must received a "C" grade or better for undergrad courses and a "B" grade or better for graduate level courses.

P&C also issues discretionary bonuses. These are not a guarantee, but for the past 20 years P&C has issued at least one bonus per year. Bonuses have been as high as \$1,500 per person.

3 YEAR				
<i>Pridgeon & Clay</i>				
Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee				
Real Property Tax Investment: \$500,000				
Tax Rate: 3.0%				
	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	
<i>True Cash Value</i>	\$500,000	\$500,000	\$500,000	
<i>Assessed Value</i>	\$500,000	\$500,000	\$500,000	
<i>Net Tax Rate</i>	3.0%	3.0%	3.0%	<i>Total</i>
<i>Tax w/o Abatement</i>	\$15,000	\$15,000	\$15,000	<i>\$45,000</i>
<i>Abatement Rate</i>	100%	66%	33%	
<i>Amount Abated</i>	\$15,000	\$9,900	\$4,950	<i>Total</i>
<i>Taxes Paid w/Abatement</i>	\$0	\$5,100	\$10,050	<i>\$15,150</i>
				<i>Total Fees Paid</i>
<i>2% Fee</i>	\$300	\$198	\$99	<i>\$597</i>
				<i>Total Tax Saving without Economic Development Fee</i>
				<i>\$29,850</i>
				<i>Total Tax Savings with 2% Economic Development Fee</i>
				<i>\$29,253</i>

7 YEAR

Pridgeon & Clay

Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee

Real Property Tax Investment: \$500,000

Tax Rate: 3.0%

	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	
True Cash Value	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Assessed Value	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$105,000
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	\$15,000	\$12,750	\$10,650	\$8,550	\$6,450	\$4,350	\$2,100	Total
Taxes Paid w/Abatement	\$0	\$2,250	\$4,350	\$6,450	\$8,550	\$10,650	\$12,900	\$45,150
								Total Fees Paid
2% Fee	\$300	\$255	\$213	\$171	\$129	\$87	\$42	\$1,197
								Total Tax Saving without Economic Development Fee
								\$59,850
								Total Tax Savings with 2% Economic Development Fee
								\$58,653

3 YEAR				
<i>Pridgeon & Clay</i>				
Sample Property Tax on Personal Property (3 Year)				
Personal Property Tax Investment: \$3,300,000				
Tax Rate: 3.0%				
	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	
Cost of Equipment	\$3,300,000	\$3,300,000	\$3,300,000	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	\$2,145,000	\$1,650,000	\$1,155,000	
Net Tax Rate	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$64,350	\$49,500	\$34,650	\$148,500
Abatement Rate	100%	66%	33%	
Amount Abated	\$64,350	\$32,670	\$11,435	Total
Taxes Paid w/Abatement	\$0	\$16,830	\$23,216	\$40,046
				Total Fees Paid
5% Fee	\$3,218	\$1,634	\$572	\$5,423
				Total Tax Savings without Economic Development Fee
				\$108,455
				Total Tax Savings with 5% Economic Development Fee
				\$103,032

10 YEAR

Pridgeon & Clay

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: \$3,300,000

Tax Rate: 3.0%

	2015 <i>Payable 2016</i>	2016 <i>Payable 2017</i>	2017 <i>Payable 2018</i>	2018 <i>Payable 2019</i>	2019 <i>Payable 2020</i>	2020 <i>Payable 2021</i>	2021 <i>Payable 2022</i>	2022 <i>Payable 2023</i>	2023 <i>Payable 2024</i>	2024 <i>Payable 2025</i>	
Cost of Equipment	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	
True Cash Percentage Rate	40%	60%	55%	45%	37%	30%	25%	20%	16%	12%	
True Cash Value	\$1,320,000	\$1,980,000	\$1,815,000	\$1,485,000	\$1,221,000	\$990,000	\$825,000	\$660,000	\$528,000	\$396,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$39,600	\$59,400	\$54,450	\$44,550	\$36,630	\$29,700	\$24,750	\$19,800	\$15,840	\$11,880	\$336,600
Abatement Rate	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	
Amount Abated	\$39,600	\$53,460	\$43,560	\$31,185	\$21,978	\$14,850	\$9,900	\$5,940	\$3,168	\$1,188	Total
Tax Paid w/Abatement	\$0	\$5,940	\$10,890	\$13,365	\$14,652	\$14,850	\$14,850	\$13,860	\$12,672	\$10,692	\$111,771
											Total Fees Paid
5% Fee	\$1,980	\$2,673	\$2,178	\$1,559	\$1,099	\$743	\$495	\$297	\$158	\$59	\$11,241
											Total Tax Savings without Economic Development Fee
											\$224,829
											Total Tax Savings with 5% Economic Development Fee
											\$213,588