

MEMORANDUM

DATE: April 14, 2009

TO: Michigan Economic Growth Authority

FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging

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SUBJECT: Briefing Memo – Continental Dairy Products, Inc.
Standard MEGA Credit

COMPANY NAME:

Continental Dairy Products, Inc.
5431 East 600 N
Fair Oaks, Indiana 47943

HISTORY OF COMPANY:

Continental Dairy Products is a Cooperative that was founded in 1998. The company has 28 dairy farms in the upper Midwest with an average of 3,000 cows.

Continental Dairy Products produces 1.8 billion pounds of high quality grade A milk a year. Their milk can travel long distances and supply plants as far away as Florida and Georgia. The company has a customer base that includes Kroger Grocery Stores and Dean Foods.

The company currently has no employees in the Michigan.

PROJECT DESCRIPTION:

The proposed project for the company will be a new production facility in the City of Coopersville in Ottawa County that will process high-quality, high-volume, fresh, grade A milk into powdered milk. The plant will guarantee a market for milk production beyond fresh market capacity. The second phase of this project will result in a reverse osmosis operation that will increase the capacity of the plant.

Continental Dairy will invest approximately \$103.2 million and create 70 jobs over the next five years paying an average weekly wage of \$863 as a result of this project. The company will also offer healthcare benefits and pay a portion of the benefit costs.

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 XX jobs in the state by the year 20XX. Total state government revenues through the year 20XX, net of MEGA costs, would be increased by \$XX million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

Continental Dairy Products, Inc. is also considering Steuben County, Indiana and Williams County, Ohio for this expansion. Utility costs and labor costs would be lower in those locations than they would be in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Coopersville is supportive of this project and plans to approve a PA 198 of related to this project. The estimated value of this abatement is not known at this time.

The Michigan Economic Development Corporation is prepared to work with the City of Coopersville and the Michigan Department of Agriculture on a potential Agricultural Processing Renaissance Zone related to the second phase of this project.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 10 years for up to 70 net new jobs in excess of the company's established employment base of 0.