

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MUSCATINE, IOWA
AUTHORIZING THE SUBMITTAL OF
A HIGH QUALITY JOB CREATION PROGRAM APPLICATION (HQJC)**

WHEREAS, the City of Muscatine has received a request by HNI Corporation to submit an application to the State of Iowa for financial assistance through the High Quality Jobs Creation Program; and

WHEREAS, the City Council supports such activities which promote and facilitate economic development objectives of the City; and

WHEREAS, the proposed HQJC financial assistance will be used to modernize an existing business; now therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA,
that:

1. The City of Muscatine endorses such an application by HNI;
2. It is recognized that the City of Muscatine will function as the lead applicant city for this application for financial assistance;
3. The Mayor is hereby authorized and directed to sign this resolution and, if necessary, the application and any other related documents for the State of Iowa High Quality Jobs Creation financial assistance; and
4. Said application shall be forwarded to the Iowa Department of Economic Development as provided under HQJC guidelines.

Passed this _____ day of _____, 2016.

Voting:

Diana Broderson, Mayor

ATTEST:

CITY CLERK



Donelson, Fran <fdonelson@muscatineiowa.gov>

Fwd: HNI HQJP Documents

1 message

Gregg Mandsager <gmandsager@muscatineiowa.gov>
To: Fran Donelson <fdonelson@muscatineiowa.gov>

Wed, Feb 10, 2016 at 11:38 AM

Gregg Mandsager, ICMA-CM
City Administrator
City of Muscatine
215 Sycamore Street
Muscatine, IA 52761
[563-264-1550](tel:563-264-1550) Work
[563-264-0750](tel:563-264-0750) Fax
www.muscatineiowa.gov
gmandsager@muscatineiowa.gov

Begin forwarded message:

From: Greg Jenkins <gjenkins@muscatine.com>
Subject: HNI HQJP Documents
Date: February 10, 2016 at 11:34:06 AM CST
To: Gregg Mandsager <gmandsager@muscatineiowa.gov>
Cc: Gary Carlson <carlsong@hnicorp.com>

Gregg,

The attached documents are provided to inform the City Council of the projects referenced in HNI's application to the Iowa Economic Development Authority (IEDA) High Quality Jobs Program.

HNI requests the support of their application from the Muscatine City Council to enable the city to sign on as sponsor of the application.

The Application to the IEDA provides the budgets, job requirements, and commitments of the projects qualifying for the IEDA support.

Exhibit D contains job data we believe will be informative.

The Assessor Estimate document details the estimated impact on the property assessment for the locations in the project.

Thanks,

Greg Jenkins
Greater Muscatine Chamber of Commerce and Industry
102 Walnut St
Muscatine, IA 52761
[\(563\) 263-8895](tel:563-263-8895)
WWW.Muscatine.com

3 attachments

 **HNI Application 2 10 16 IEDAedit.pdf**
617K

 **HNI Exhibit D02.10.16.pdf**
344K

 **AssessorsEstimates02.10.16.pdf**
126K

Assessor's Estimates

ADDRESS	Parcel	2015 Value	2016 Value			Estimated 2017 Value	Total Change in Value
3000 HWY	0824426012	\$3,195,390	\$3,267,440	MCMUU	33.93510	\$3,565,830	\$370,440
505 Ford A	0824426007	\$11,444,700	\$11,591,910	MCMUU	33.9351	\$12,464,210	\$1,019,510
2900 Hwy	0929100036	\$2,585,680	\$2,585,680	SWMUW	24.10146	\$2,825,140	\$239,460
5408 61ST	1319476006	\$2,490,450	\$2,729,790	MCLMU	31.91055	\$2,879,160	\$388,710
912 E 5TH	0836161012	\$725,720	\$790,510	MCMUU	33.93510	\$790,510	\$64,790
913 E 5TH	0836158018	\$101,810	\$133,800	MCMUU	33.93510	\$133,800	\$31,990
919 E 5TH	0836158016	\$100,740	\$116,720	MCMUU	33.93510	\$116,720	\$15,980
816 E 5TH	0836301001	\$363,610	\$378,540	MCMUU	33.93510	\$378,540	\$14,930
200 OAK S	0835433026	\$7,038,240	\$7,116,830	MCMUU	33.93510	\$7,745,840	\$707,600
	0835438001	\$2,858,440	\$2,874,680	MCMUU	33.93510	\$3,070,570	\$212,130
301 OAK S	0836307003	\$1,988,050	\$1,985,820	MCMUU	33.93510	\$2,515,320	\$527,270
	Totals	\$32,892,830	\$33,571,720			\$36,485,640	\$3,592,810



Debi V. Durham, Director
Iowa Economic Development Authority

Business Financial Assistance Application

*Business Finance - Business Development Division
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819
www.iowaeconomicdevelopment.com
Telephone: 515.725.3134 Email: businessfinance@iowa.gov*

Application Instructions

To Complete Electronic Form: Click on TEXT BOX to add text. Double click on YES/NO boxes and select "Checked".

1. All applicants must complete the Business Financial Assistance Application and attach only those additional sections for the components to which the applicant is applying.

<u>STATE of IOWA – Financial Assistance Program</u> High Quality Jobs Program (HQJP) <input checked="" type="checkbox"/> Tax Credits <input type="checkbox"/> Direct Financial Assistance
--

2. Before filling out this application form, please read all applicable sections of the Iowa Code and Iowa Administrative Code (rules). <https://www.legis.iowa.gov/law/administrativeRules>
3. Only typed or computer-generated applications will be accepted and reviewed. Any material change to the format, questions, or wording of questions presented in this application will render the application invalid and it will not be accepted.
4. Complete the applicable sections of the application fully. If questions are left unanswered or required attachments are not submitted, an explanation must be included.
5. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
6. Any inaccurate information of a significant nature may disqualify the application from consideration.
7. The following must be submitted to Business Finance at IEDA in order to initiate the review process:
 - One **original**, signed application form and all required attachments
 - One **electronic** copy of the application form and all required attachments

Facsimile copies will not be accepted.

Applications must be submitted to IEDA Business Finance before 4:00pm on the fourth Monday of the month.

Applications will be reviewed by the IEDA Board on the third Friday of the following month.

Public Records Policies

During the application process, the information submitted by you to IEDA is exempt from disclosure under the “industrial prospects” exemption found in Section 22.7(8). However, once you receive an award, the industrial prospects exemption no longer applies and all documents submitted and generated during the application and negotiation process become public records under Iowa’s Open Records Law ([Iowa Code, Chapter 22](#)), unless

- 1) The information belongs to one of the classes of records automatically treated as confidential; or
- 2) You have applied for and received written notice that your information will be treated as confidential.

Automatically Confidential Records

IEDA automatically treats the following records as confidential and will withhold them from public inspection even without a request for confidential treatment:

- Tax Records and Tax Liability Information
- Quarterly Iowa Employer’s Contribution and Payroll Report prepared for the Iowa Workforce Development Department
- Payroll Registers
- Business Financial Statements and Projections (unless those statements are already publicly available elsewhere, e.g., 10-K filings)
- Personal Financial Statements

Exemptions to the Open Records Law

If you wish to have additional information treated as confidential, you must fill out the [confidential treatment request form](#). Under the Open Records Law, IEDA may lawfully treat certain information as confidential if that information falls within an exemption to the Open Records Law. The following exemptions represent records which may lawfully be treated as confidential under the Open Records law and which are most often applicable to the information submitted to IEDA:

- Release of information would give an unfair advantage to competitors – Iowa Code Sec. 15.118
- Trade secrets – See Iowa Code section 22.7(3), see also Iowa Code Ch. 550
- Information on an industrial prospect with which the IEDA is currently negotiating – See Iowa Code section 22.7(8)
- Communications not required by law, rule or regulation made to IEDA by persons outside the government to the extent that IEDA could reasonably believe that those persons would be discouraged from making them to IEDA if they were made available for general public examination – Iowa Code section 22.7(18)

Non-Confidential Information

Information that is submitted to IEDA as part of the application process or that is contained in a contract for program benefits is generally considered material to the eligibility requirements of the program or to the amount of incentives or assistance to be provided. Such information is generally not given confidential treatment. Such information includes but is not limited to, the number and type of jobs incented, the wage levels for the incented jobs, your company’s employee benefit information, and your project budget.

Additional Information Available. Copies of [Iowa’s Open Record law](#) and IEDA’s [administrative rules](#) relating to public records are available from the IEDA upon request.

SECTION A

Applicant Information

Date Application Submitted:

1. **Name of Business:** *HNI Corporation*
2. **Entity Name (for contracting purposes):** *HNI Corporation*
3. **Address:** *408 East Second Street*
4. **City, State & Zip Code:** *Muscatine, Iowa 52761*
5. **Contact Person:** *Gary Carlson* **Title:** *Vice President, Community Relations*
6. **Phone:** *563-272-7021* **Fax:** *563-272-7114* **Email:** *carlsong@hnicorp.com*
7. **FEIN:** *42-0617510*
8. **NAICS Code for primary business operations:** *551112*
9. **US DOT Number:** *N/A*

10. **Does the Business file a consolidated tax return under a different tax ID number?**
 Yes (If yes, please also provide that tax ID number) *No*
a. **Is the contact person listed above authorized to obligate the Business?**
 Yes *No If no, please provide the name and title of a company officer authorized to obligate the Business:*

11. **If the application was prepared by someone other than the contact person listed above, please complete the following: N/A**
Name of Business:
Address:
City, State & Zip Code:
Contact Person: *Title:*
Phone: *Fax:* *Email:*

Sponsor Information *(A sponsor organization is a city or county)*

12. **Sponsor Organization:** *City of Muscatine Iowa*
13. **Official Contact (e.g. Mayor, Chairperson, etc.):** *Diana Broderson and/or Gregg Mandsager*
Title: *Mayor/City Administrator*
14. **Address:** *215 Sycamore Street*
15. **City, State & Zip Code:** *Muscatine, Iowa 52761*
16. **Phone:** *563-264-1550* **Fax:** *563-264-0750* **Email:** *mayor@muscatineiowa.gov*
gmandsager@muscatineiowa.gov

17. **If IEDA needs to contact the sponsor organization with questions, should we contact the person listed above?**
 Yes *No, please contact the following person:*

Name: *Greg Mandsager* *Title:* *City Administrator*
Address: *215 Sycamore Street*
City, State & Zip Code: *Muscatine, Iowa 52761*
Phone: *563-264-1550* *Fax:* *563-264-0750* *Email:* *gmandsager@muscatineiowa.gov*

If necessary, please list information on additional sponsors in an attachment.

Note: Mayor is part-time position. City Administrator is full-time city staff and likely best administrative contact.

SECTION B

Business Information

1. **Provide a brief description and history of the Business. Include information about the Business' products or services and its markets and/or customers.**

HNI Corporation is a publicly held, NYSE listed company headquartered in Muscatine, Iowa. HNI is the second largest manufacturer of office furniture in the world and the largest manufacturer of fireplaces and stoves in the world. Additional financial and product information can be found utilizing the company's website: www.hnicorp.com HNI's sells its multiple branded products through multiple distribution channels, including but not limited to independent dealers, wholesalers, big box retailers, internet only companies, and through national accounts and/or government sales direct to companies, end users, and public entities.

2. **Business Structure:**

Cooperative Corporation Limited Liability Company
 Partnership S-Corporation Sole Proprietorship

3. **State of Incorporation:** Iowa

4. **Identify the Business' owners and percent ownership:** NYSE; Public company

5. **Does a woman, minority, or person with a disability own the Business?** Yes No

6. **List the Business' Iowa locations and the most current number of employees at each location.** Muscatine, Iowa (3,721) Mt. Pleasant, Iowa (231) - Effective 12/31/15

7. **What is the Business' worldwide employment? (Please include employees of parent company, subsidiaries, and other affiliated entities in this figure.)** 10,032 (effective 12/31/15)

Project Information

8. **Project Street Address:** Multiple buildings/locations in Muscatine - See Enclosed Map
Project City & Zip Code: Muscatine, Iowa 52761 **Project County:** Muscatine

- 3000 Highway 61 North
- 3000 University Drive
- 505 Ford Avenue
- 2900 Highway 22 East
- 6110 49th St.
- 5408 61st Ave W
- 925 Houser St
- 912, East 5th Street
- 913 East 5th Street
- 919 East 5th Street
- 816 E. 5th Street
- 400 Oak Street
- 301 Oak Street

9. **Type of Business Project:**

Startup Expansion of Iowa Company New Location in Iowa

10. **Does the project site qualify as a "Brownfield" or "Grayfield" site?** Yes No
If yes, please explain and document as Attachment A6.

11. **Describe the proposed project for which assistance is being sought. (Include project timeline with dates, facility size, infrastructure improvements, proposed products/services, any new markets, etc.)**

HNI is considering significant modernization investment in its Muscatine Iowa facilities. The approximate \$15 to \$20 million investment will focus on adding capability, capacity, and productivity while enhancing the working environment for its members (employees). The multi-location project is intended to start in early 2016 and will be completed over a 3 year planning period. Exact timing will be based

on market conditions, equipment availability, funding, and construction timetable. The primary investment will be in machinery, equipment, infrastructure, and installation. No job growth is anticipated as a result of the investment. Modernization and production flow enhancements will likely eliminate some positions from the current footprint but this will be partially offset by the closing of a leased warehouse facility in Illinois and the relocation of a substantial number of those positions to Iowa. This proposed project is in addition to the HNI expansion and renovation plans currently underway.

HNI is currently completing an expansion of its laminate and product development capacity and capability and was assisted by IEDA/State of Iowa grant 13-TC-018. The project was approved at \$20.8 million and will be completed in late 2016. To date, the actual investment has exceeded \$30 million. The project identified in this proposal is at other HNI facilities located in Muscatine.

12.

Project Timeline (add additional rows as needed)	Beginning Activity Date	Activity Completion Date
Phase 1	2016	2016
Phase 2	2016	2017
Phase 3	2017	2018

13. Has any part of the project started*? Yes No

If yes, please explain.

Note: Work not included in this project has been done or started in some of these facilities. HNI currently owns all the property for this project.

* For IEDA's purposes, starting the project includes: the start of construction or rehabilitation, the purchase of a building, the execution of a lease, or the installation of equipment to be used in the project.

14. Identify the Business' competitors. If any of these competitors have Iowa locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Iowa competitor.

HNI is the second largest manufacturer of office furniture in the world with global competitors. HNI is the only public manufacturer of office furniture in Iowa.

15. Will any of the current Iowa employees lose their jobs if this project does not proceed?

Yes No

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs Section E.

The future of jobs in Muscatine is dependent on significant investment in modernization to increase productivity and capability. Some jobs will disappear as a result of the investment, but the Corporation believes growth will offset the displacement. Thirty positions currently in Illinois will transfer to Iowa to help offset the automation reductions.

HNI anticipates 125 to 175 jobs will be eliminated in Muscatine over the next 3 years if this project/investment does not move forward.

16. Is the Business actively considering locations outside of Iowa? Yes No

If yes, where and what assistance is being offered?

Iowa is the preferred location; however, expansion could occur at other HNI locations in Georgia, Indiana, or New York.

17. Please identify the company project management for the project location and experience. HNI Corporate Facilities Management

SECTION C

Applicant's Project Budget

1. **Does the Business plan to lease the facility?** **Yes** **No**
If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) for three years in the budget below, and only major renovation costs your company expects to incur. Administrative rules require that the lease be in place for a minimum of five years.
2. *Please complete the budget below. Include only costs the company plans to incur directly:*

Use of Funds	Cost	Source A	Source B	Source C	Source D	Source E	Source F
Base Rent (3 years)							
Tenant Improvements							
Land Acquisition							
Site Preparation	\$1,081,704						
Building Acquisition							
Building Construction	\$1,679,304						
Building Remodeling	\$5,432,000						
Mfg. Machinery & Equip.	\$8,000,000						
Other Machinery & Equip.	\$973,650						
Engineering Design	\$457,755						
Relocation Equip. & Set up	\$928,499						
Equipment Lease	\$111,756						
Furniture & Fixtures	\$200,000						
Working Capital				26,814,668			\$50,000
Research & Development	\$8,000,000						
Other							
TOTAL	\$26,864,668		\$	26,814,668	\$	\$	\$50,000

3. *Please complete the chart below with proposed financing for the project (tax benefits should be reflected as indirect financing under #5 below):*

PROPOSED FINANCING					
Source of Funds	Amount	Form of Funds	Rate and Term	Commitment Status	Conditions/Additional Information
<i>Add additional lines as needed</i>		<i>(Loan, Grant, In-Kind, Donation, etc.)</i>			<i>Include when funds will be disbursed; if loan, whether payments are a level term, balloon, etc</i>
Source A: IEDA (see #4 below)					
Source B: Local Government	\$				
Source C: Business	\$26,814,668				
Source D: GMCCI*	\$50,000	Loan	0%	Open	Start of Project/Balloon
Source E:					
Source F:					
TOTAL	\$26,864,668				

*Greater Muscatine Chamber of Commerce (GMCCI) revolving loan fund if required by IEDA.

4. **Direct financial assistance (loans/forgivable loans) must be secured with acceptable collateral. Please select the type of collateral your company will pledge to secure the IEDA financing, and document its value in Attachment A5. ***

	Explain:
No collateral, funding disbursed at the end of the 5-year contract <input type="checkbox"/>	
Irrevocable letter of credit <input type="checkbox"/>	
Dedicated certificate of deposit (CD) <input type="checkbox"/>	
Surety bond <input type="checkbox"/>	
Mortgage on real estate <input type="checkbox"/>	
Corporate guaranty <input type="checkbox"/>	
Personal guarantee <input type="checkbox"/>	

* The IEDA Board has the final discretion on what collateral will be accepted.

5. Please complete the chart below with tax credits and other indirect financing expected for the project:

TAX CREDITS AND INDIRECT FINANCING		
Source of Funds	Amount	Description
Investment Tax Credit	\$200,000	High-quality jobs ITC
Sales, Service & Use Tax Refund	\$259,523	Sales tax refund
Research Activities Credit (3%/10%)	\$120,000	3% of \$8,000,000 – Supplemental R&D*
Local Property Tax Exemption		
Tax Increment Financing		
260E Job Training Funds		
In-kind Contribution		
Other		
TOTAL	\$579,523	

Note: HNI Corporation currently invests \$16,353,000 annually in R&D for the locations identified in this project.

6. There are three justifiable reasons for providing assistance. Check the box next to the reason why assistance is needed to complete this project.

Financing Gap - A gap exists between the financing required and the financing on-hand and the provision of tax incentives or assistance is necessary to fill the gap.

Rate of Return Gap –The likely returns of the project are inadequate to motivate a company decision maker to proceed with the project even if sufficient debt or equity can be raised to finance the project, and the project’s risks outweigh its rewards, making the provision of tax incentives or assistance necessary to reduce the project’s risks.

Location Disadvantage (Incentive) –The business is deciding between a site in Iowa (“Iowa site”) and a site in another state (“out-of-state site”) for its project and the cost of completing the project at the out-of-state site is demonstrably lower, making tax incentives or assistance necessary to equalize the cost differential between the two sites. Note: The authority will attempt to quantify the cost differential between the sites.

7. Please provide a brief explanation of the need for assistance.

HNI desires to make modernization investments in multiple Muscatine, Iowa, facilities. HNI has operations in other states (GA, NY, IN) that could receive some or all of this investment. The other states have individual characteristics making them desirable such as available labor, lower cost labor, aggressive state incentives. If State of Iowa can make modest incentives available, Iowa will be the choice for the investment.

SECTION D

Employee Benefits

There are three options to meeting the sufficient benefit requirement. These options are detailed in the chart below. Please complete questions 1-3. If your company meets Option 1 or 2, no additional information is required. If you would like to utilize Option 3, please also complete questions 4-6.

	Option 1	Option 2	Option 3
	<i>80% single Coverage</i>	<i>50% Family coverage</i>	<i>Monetary Equivalent</i>
<i>Total Number of Employees in Iowa</i>	<i>Pay 80% of premium costs for a standard medical plan, single coverage.</i>	<i>Pay 50% of premium costs for a standard medical plan, family coverage.</i>	<i>Provide medical and pay the monetary equivalent of Option 1 or Option 2 in supplemental employee benefits.</i>
<i>250+</i>	<i>\$750 maximum deductible</i>	<i>\$1,500 maximum deductible</i>	<i><u>Benefits Counted Toward Monetary Equivalent:</u> Medical coverage, Dental coverage, Vision insurance, Life insurance, Pension, 401(k) (company's Average contribution, Short-/long-term disability insurance, Child care services, Other nonwage compensation</i>
<i>50-249</i>	<i>\$1250 maximum deductible</i>	<i>\$2500 maximum deductible</i>	
<i>0-50</i>	<i>\$1750 maximum deductible</i>	<i>\$3500 Maximum deductible</i>	

1. How many full-time, permanent employees does your company currently employ within the State of Iowa? 3,952
2. What is the total premium cost for a standard medical plan for **single employee coverage**? Varies on plan choice
 - a. What portion of this cost is paid by the business? 75%
 - b. What is the deductible associated with this plan? Varies on plan choice: \$350-\$1,500
3. What is the total premium cost for a standard medical plan for **family coverage**? Varies on plan choice: \$16,472-\$17,765
 - a. What portion of this cost is paid by the business? 75%
 - b. What is the deductible associated with this plan? Varies on plan choice: \$700-\$3,000

No additional information required, in this section, if your company meets the requirement for Option 1 or Option 2

4. Does your company provide additional benefits to full time employees? Yes No
 If yes, please provide the annual amount offered by the business, per employee in the chart below:

Employee Benefits Provided by Business	Total Annual Cost (show on a per employee basis) (2016)		Portion of Total Annual Cost Paid by the Business		Plan Provisions	
	Employee	Family	Employee	Family	Deductible	(Include coinsurance %, office visit co-payments, annual out-of-pocket maximums, face amounts, etc.)
Medical Insurance	ClassicPlus-\$5,532 Classic-\$5,155 ChoiceHSA-\$5,230	ClassicPlus-\$17,675 Classic-\$16,472 ChoiceHSA-\$16,710	Overall: 75%	Overall: 75%	Employee \$350-ClassicPlus \$750-Classic \$1,500-ChoiceHSA	Single OOP Max (including deductible): \$2,750-ClassicPlus \$3,500-Classic \$3,000-ChoiceHSA
	Each employee and spouse is eligible for \$600 participation-based wellness incentive in form of premium reduction. Amounts reflected above are before incentive.				Family \$700-ClassicPlus \$1,500-Classic \$3,000-ChoiceHSA	Family OOP Max (including deductible): \$5,500-ClassicPlus \$7,000-Classic \$6,000-ChoiceHSA
Dental Insurance	\$305	\$987	Overall: 75%	Overall: 75%	\$50 per person	
Vision Insurance	\$88	\$239	NA	NA	NA	
Life Insurance	NA	NA	100%	NA		
Short-Term Disability	NA	NA	100%	NA		
Long-Term Disability	NA	NA	100%	NA		
Health Savings Account (ChoiceHSA only)	NA	NA	\$275	\$550		

5. Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? Yes No
 If yes, please indicate the amount contributed on a per employee basis by the Business to the plan for the last three years. For 401(k) plans, please provide information on the company match and indicate the average annual match per employee.

Year Ending	Is not a match; does not require contribution by employee to receive 4.5% company contribution
2014	4.5%
2013	4.5%
2012	4.5%
Three-year Average:	4.5%

6. Does the Business offer a profit-sharing plan? Yes No

If yes, please indicate total amount paid out each year for the past three years and then, determine the average annual bonus or contribution per employee for that three year period.

<i>Year Ending</i>	<i>Total Amount Paid (4)</i>
2014	\$24,413,912
2013	\$19,288,831
2012	\$16,521,217
Three-year Average (Per Employee):	\$2,481

Notes:

1. A qualified plan must be offered to all full-time permanent employees.
2. If you have multiple health insurance plans, please provide information on each plan.

SECTION E

Project Jobs

1. List the jobs that will be created and/or retained as the result of this project. (A retained job is an existing job that would be *eliminated* or *moved to another state* if the project does not proceed in Iowa.) For jobs to be created, include the starting and final hourly wage rate. For retained jobs, include the current hourly wage rate.

Full-Time CREATED Jobs	<i>(Add additional rows as needed)</i>		
<i>Job Title</i>	<i>Number of CREATED Jobs</i>	<i>Starting Hourly Wage</i>	<i>Wage at 36 months following the award</i>
<i>No jobs to be created</i>			
Total Full-Time CREATED Jobs			

Full-Time RETAINED Jobs	<i>(Add additional rows as needed)</i>	
<i>Job Title (AT-RISK jobs only)</i>	<i>Number of RETAINED Jobs</i>	<i>Current Hourly Wage</i>
<i>Various</i>	175	\$17.60
Total Full-Time RETAINED Jobs	175	

2. Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? Yes No

SECTION F

Business Taxes

IEDA is required to calculate the return on state and local government investments in this project. Data from other parts of the application will be combined with the estimates requested below to calculate the required return on investment information. Please read the following directions carefully:

- *IEDA is asking for a best estimate on the increase in taxes associated with this project.*
- *Estimates should only include the expected increase in tax liability resulting from this project.*
- *At minimum, IEDA needs estimates for the first three years of the project.*
- *Show data as if no tax abatements or tax credits awarded for this project were taken.*
- *For partnership forms of ownership (e.g. limited partnerships, s-corporations, LLC, etc.), please estimate the partners' increase in Iowa tax liability due to this project.*
- *Sales and use taxes refer to the taxes paid on materials, etc. that the Business purchases, not taxes you collect from sales to your customers.*
- *Applicants will not be held to these numbers with respect to any award from or contract with IEDA.*
- *This page of the application will automatically be treated as **confidential**.*

Increase in Tax Collections Associated with this Project

State Business Taxes	Year 1	Year 2	Year 3	Year 4	Year 5
<i>State Corporate Income Tax*</i>	<i>No Change</i>				
<i>State Business Sales and Use Tax</i>	<i>\$45,000</i>	<i>No Change</i>	<i>No Change</i>	<i>No Change</i>	<i>No Change</i>

** Insurance Companies: Provide State Insurance Premium Tax*

Local Business Taxes	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Local Real Estate Property Tax</i>	<i>\$61,733</i>	<i>+\$2,000</i>	<i>+\$2,000</i>	<i>+\$2,000</i>	<i>+\$2,000</i>
<i>Local Option Sales Tax</i>	<i>Included S&U</i>	<i>No Change</i>	<i>No Change</i>	<i>No Change</i>	<i>No Change</i>

*Assumptions: Building Construction \$1,679,304 x 90% = \$1,511,373/1,000 x 40.84594
Anticipate levy increase 3.0% per year*

CONFIDENTIAL

SECTION G

Attachments

Please attach the following documents:

A1 Project Plan

Please provide an executive summary for your project. This information should include, at a minimum, expanded information about the company's products and services and any other project related information that has not already been described in the application for financial assistance.

Please note, a traditional business plan, including an executive summary, market analysis, organization and management structure, marketing and sales management, service and product line narrative, financial projections, feasibility study and patent status, as well as any other relevant information, may be requested by the Iowa Economic Development Authority to evaluate the feasibility of this project.

A2 Payroll Information (Confidential)

- Copies of the Business' **Quarterly Iowa Employer's Contribution and Payroll Report** for the past year. This report should include the monthly employment totals.
- **A copy of the most recent payroll report for one pay period.** The copy of the most recent payroll report for one pay period must be in Excel format and include the following information:
 - Company name, date of payroll and source of payroll information
 - Employee name and/or employee identification number
 - Current hourly wage - do not include bonuses or other benefit values
 - Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time.
 - A sample Excel spreadsheet can be found at <http://www.iowaeconomicdevelopment.com/Business/application>

A3 Affidavit that states the Business has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental, worker safety regulations and antitrust laws, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment. A sample affidavit can be found at <http://www.iowaeconomicdevelopment.com/Business/application>

A4 Financial Information (Confidential, unless already publicly available) (Existing Businesses Only)

- Profit and loss statements and balance sheets for past three year-ends;
- Current YTD profit and loss statement and balance sheet;
- Schedule of aged accounts receivable;
- Schedule of aged accounts payable; and
- Schedule of other debts.

A5 Collateral documentation (If requesting direct financial assistance only)

If IEDA determines any grant options outside of high quality jobs, HNI Corporation will provide appropriate collateral.

A6 Brownfield or Grayfield site documentation (if applicable) Not Applicable

SECTION H

Certification & Release of Information

1. Are there any judgments or court actions completed or pending against the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No
2. Has any current or prospective officer, principal, director, or owner been accused or convicted of any wrongdoing or crime, other than a simple misdemeanor? Yes No
3. Have there been any current or past bankruptcies on the part of the applicant entity (or predecessor entities), or on the part of any current (or prospective) officer, principal, owner or in any business dealings of current (or prospective) officers, principals, or owners of the applicant entity? Yes No
4. In the last five years have there been, or are there currently any investigations of potential violations of public health, safety (including workplace safety) or environmental laws by the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No **SEE A3**
5. In the last five years have there been, or are there currently any violations of antitrust laws by the applicant entity, or any current or prospective officer, principal, director, or owner? Yes No
6. If yes to any of the above, please provide additional explanation:

I hereby give permission to the Iowa Economic Development Authority (IEDA) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the Business' state income tax, sales and use tax, and state tax credits claimed.

I understand that all information submitted to IEDA related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22), unless specifically marked as confidential section.

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured. Furthermore, I am aware that funds will not be disbursed until a contract has been executed and the appropriate terms have been met.

I understand that upon execution of the contract and prior to the issuance of a tax credit number or the disbursement of Award Funds, a recipient shall pay IEDA a one-time compliance cost fee in the amount of \$500. In addition, if tax benefits are greater than \$100,000, the Recipient shall remit to IEDA a compliance cost fee 0.5% of the value of the Tax Incentives claimed pursuant to the contract. The fee will be due and payable upon filing the Recipient's annual tax return for each tax year in which tax credits are claimed under the contract.

I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

For the Business:

For the Sponsor(s):



Signature

Date

Signature

Date

Gary Carlson, Vice President, Community Development
Name and Title (typed or printed)

Name and Title (typed or printed)

IEDA will not provide assistance in situations where it is determined that any representation, warranty, or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided prior to discovery of the incorrect, false, or misleading representation, IEDA may initiate legal action to recover incentives and assistance awarded to the Business.

EXHIBIT D – JOB OBLIGATIONS

Recipient: HNI Corporation

Community: Muscatine

Contract Number:

This Project has been awarded Project Completion Assistance and Tax Incentives from the High Quality Jobs Program (HQP) – Tax Credit Component. The chart below outline the contractual job obligations related to this Project.

Data in the “Employment Base” column has been verified by IEDA and reflects the employment characteristics of the facility receiving funding before this award was made. Jobs to be retained as a part of this Project must be included in these calculations.

Data in the “Jobs To Be Created” column outlines the new full-time jobs (including their wage characteristics) that must be added to the employment base and, if applicable, statewide employment base as a result of this award.

At the Project Completion Date and through the Maintenance Period Completion Date, the Recipient must achieve, at a minimum, the numbers found in the “Total Job Obligations” column.

HQJP JOB OBLIGATIONS	Employment Base	Jobs To Be Created	Total Job Obligations
<i>Project Completion Date:</i>			
<i>Maintenance Period Completion Date:</i>			
Total employment at project location	2,835	0	2,835
Average wage of total employment at project location	\$20.88		
Qualifying Laborshed Wage threshold requirement (per hr)	\$17.60 (100%)		
Number of jobs at or above qualifying wage	1,276	0	1,276
Average Wage of jobs at or above qualifying wage	\$29.32		

Notes re: Job Obligations

1. When determining the number of jobs at or above the qualifying wage, wages will include only the regular hourly rate that serves as the base level of compensation. The wage will not include nonregular forms of compensation such as bonuses, unusual overtime pay, commissions, stock options, pension, retirement or death benefits, unemployment benefits or other insurance, or other fringe benefits.
2. Employment Base includes 175 “Retained Jobs”.

If the Recipient uses or proposes to use a non-standard work week (8 hours a day, 5 days a week, 52 weeks a year including holidays, vacation and other paid leave), check the box below and describe that alternative schedule. The alternative schedule must meet the requirements of 261 IAC 173.2.) If the box is not checked or if no alternative schedule is provided, IEDA will consider “*Full-time Equivalent (FTE) Job*” to mean the employment of one person for 8 hours per day for a 5-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave.

The Recipient shall use an alternative work week for purposes of its employees described in the Contract. The alternative work week is as follows: [description].

Sufficient Benefits Deductible Requirements

Recipient shall provide Sufficient Benefits with a maximum deductible of \$750 for single coverage or \$1,500 for family coverage.