RESOLUTION NO. 89453-0705

RESOLUTION TO SUBMIT A NEW CAPITAL INVESTMENT PROGRAM (NCIP) AMENDMENT TO THE IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT ON BEHALF OF HOFFMANN, INC.

WHEREAS, the City Council of the City of Muscatine, Iowa has an objective to promote economic development to provide jobs and economic opportunities for its citizens; and

WHEREAS, Hoffmann, Inc. manufactures industrial bulk storage silos and fabricates steel items in the City of Muscatine, Iowa; and

WHEREAS, Hoffmann, Inc. has a manufacturing facility in Muscatine, Iowa which manufactures and markets these products and originally projected to retain (2) and create (13) full time jobs but has now created 17 additional jobs or 30 in total and

WHEREAS, Hoffman, Inc., in its manufacturing expansion project of approximately $1,500,000; has now exceeded that investment by an additional $1,100,000 for a total investment of $2,600,000 and

WHEREAS, the Muscatine City Council desires to assist Hoffman, Inc to implement its project through the submittal of an amendment to the Iowa Department of Economic Development and be eligible for sales and investment tax credits from the NCIP;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA that the Mayor and City Administrator be authorized and instructed to sign the necessary documents and agreements to process and submit the application.

PASSED, APPROVED AND ADOPTED this 7th day of July, 2005.

BY THE CITY COUNCIL OF THE CITY OF MUSCATINE, IOWA

Richard W. O'Brien

Richard W. O'Brien, Mayor

Attest:

A. J. Johnson, City Administrator

HOFFMANN, INC.
6001 49th Street South
Muscatine, Iowa 52761

tel 563.263.4733
fax 563.263.0919
hoffmann@hoffmanninc.com
www.hoffmanninc.com
www.hoffmannsteelfab.com

June 8, 2005

Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309

Dear Sirs:

In mid 2004, our company, with appreciated financial assistance from the Iowa Department of Economic Development, made a major capital investment in our business. Our commitment was to invest $1.5 million in building and equipment expansion, to retain 2 positions, and to establish 13 new positions, increasing our total Iowa employment from a base of 56 persons to 71.

Since we completed the capacity and capability expansion, we have significantly increased our customer base. To satisfy their fabrication needs we have purchased additional equipment and hired additional personnel. Our actual total cost for the building and equipment is now $2.6 million with a potential of at least an additional $250,000 in the near future. We have exceeded our target of 71 persons and to date our full-time equivalent jobs stand at 88 employees.

We have exceeded our original building and material costs by at least $1.1 million and our full time equivalent jobs have expanded from 71 to 88. We believe our growth is sustainable although this rapid growth is a fiscal challenge. We would sincerely request that our NCIP and/or CEBA award be amended to reflect our increased investment.

Sincerely,

Larry L. Emmert

Larry Emmert
President

IOWA
life | changing.

NEWS

FOR IMMEDIATE RELEASE
June 30, 2005

CONTACT: Tina Hoffman
515.242.4805

IDED and local officials to award additional benefits in Muscatine

Muscatine (June 30, 2005) – Mike Blouin, director of the Iowa Department of Economic Development (IDED), joined local officials to announce additional benefits for the Hoffmann, Inc. expansion project, originally approved in June 2004. The company produces steel hoppers, beams, chimney liners, platforms, and ladders for industrial silo and chimney construction. The project creates an additional 17 jobs as well as additional capital investment of $1.1 million.

"A project like this is great the first time around and even better the second," said Blouin. "This expansion project doubled in scope in terms of jobs and capital investment. We're pleased to provide the additional benefits to incent this kind of growth in Muscatine."

The original $45,000 award from the Community Economic Betterment Account (CEBA) allowed for the doubling of the steel fabricating capacity of Hoffmann, Inc., enabling the company to take on much larger projects. Total project costs, which included a 20,800 sq. ft. building and machinery and equipment, were estimated at $1.5 million. The project pledged to create 13 jobs and retain two jobs in Muscatine at an average wage of $16.33 per hour.

The company also received tax benefits through the New Capital Investment Program (NCIP) and today received approval to amend that award. Due to a stronger sales climate, the project increased in scope, allowing the company to create an additional 17 jobs and an additional investment of $1.1 million, bringing the project's impact to a total of 30 new jobs and capital investment of $2.6 million. The NJIP amendment will be adjusted to provide an additional $19,500 in benefits. These tax benefits will be subject to the Muscatine City Council's approval on the amendment request on July 7, 2005.

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for Hoffmann, Inc.

PAID IN FULL
03-31-09

ATTACHMENT B2
PROMISSORY NOTE -
COMMUNITY

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT
CEBA PROGRAM

PROMISSORY NOTE

Loan Number 04-CEBA/IVF-33

Des Moines, Iowa
(City and State)

$45,000

June 11, 2004
(Date)

FOR VALUE RECEIVED, the undersigned (hereafter called the "Maker") promises to pay to the order of the State of Iowa, Department of Economic Development (hereafter called the "Payee"), at its office at 200 East Grand Avenue, Des Moines, Iowa 50309, or upon notice to the Maker, at such other place as may be designated from time to time by the holder, the principal sum of $45,000, to be paid as follows:

A $22,500 loan at (0%) interest to be paid as follows:

48 equal monthly payments of $468.75 beginning on the first day of the fourth month from the date CEBA funds are disbursed. Final payment may vary depending upon dates payments are received. Such payments shall be applied first on interest then due and the remainder on principal.

And, *a $22,500 forgivable loan at six (6%) percent interest to be paid as follows:*

A three-year $22,500 forgivable loan. There will be no principal or interest payments or accruals for years one, two, and three. At the project completion date, if the Business has fulfilled at least 50% of its job creation/retention (if applicable) and wage obligation, $1,500 will be forgiven for each new FTE job created/retained (if applicable) and maintained for at least ninety days past the project completion date. Any balance (shortfall) will be amortized over a two year period (beginning at the project completion date) at six (6%) percent interest per annum with equal monthly payments, and, interest will be charged at six (6%) percent per annum from the date of the first CEBA disbursement on the shortfall amount with that amount accrued as of the project completion date being due and payable immediately. If the Business has a current loan balance, the shortfall balance and existing balance will be combined to reflect a single monthly payment.

1. Payments. All payments under the Note shall be applied in this order: (1) to interest, and (2) to principal.

2. Loan Agreement; Acceleration Upon Default. This Note is issued by Maker to evidence an obligation to repay a loan according to the terms of Loan Agreement #04-CEBA/IVF-33 of June 11, 2004 between the Payee and Maker and, at the election of the holder without notice to the Maker, shall become immediately due and payable in the event any payment is not made when due or upon the occurrence of any event of default under the terms of the Loan Agreement.

3. Limitation. Maker's liability for the repayment of this Note is limited to those amounts Maker collects through its good faith enforcement of security interest which Maker represents that it has obtained or will obtain as required by the above-referenced Loan Agreement. Upon exhaustion of its rights in the collateral granted by such security interest, the Maker will have no liability for any deficiency owing Payee under this Note. Nothing in this paragraph shall limit the recovery of principal and interest by Payee in the event of Maker's fraud, negligence, or gross mismanagement in the application for, or use of, sums loaned under the above-referenced Loan Agreement.

4. Reduced Amount. In the event the Maker fails to requisition and spend the full face amount of the Note as set out above, then the amount of each installment payment shall be reduced accordingly in equal amounts.

PAID IN FULL

8. Security. Payment of this Note is secured by Security Agreement of First National Bank confirmed by UCC and a filing under UCC-1 and the holder is entitled to the benefits of the security herein described.

In case of a decline in the market value of the collateral, or any part thereof, the Payee may demand that additional collateral of quality and value satisfactory to holder be [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

ADDRESS: [illegible] City of Muscatine
City Hall 215 Sycamore
Muscatine, Iowa 52761

By: _____
Dick Quinn, Mayor

5. Security. Payment of this Note is secured by Escrow Account at First National Bank controlled by IDED and a Blanket UCC-1 and the holder is entitled to the benefits of the security therein described.

In case of a decline in the market value of the collateral, or any part thereof, the Payee may demand that additional collateral of quality and value satisfactory to holder be delivered, pledged and transferred to holder.

6. Waiver. No delay or omission on the part of the holder in exercising any right under this Note shall operate as a waiver of that right or of any other right under this Note. A waiver on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy on any future occasion.

7. Waiver of Protest. Each maker, surety, endorser and guarantor of this Note, expressly waives presentment, protest, demand, notice of dishonor or default, and notice of any kind with respect to this Note.

8. Costs of Collection. The Maker will pay on demand all costs of collection, maintenance of collateral, legal expenses, and attorneys' fees incurred or paid by the holder in collecting and/or enforcing this Note on default.

9. Meaning of Terms. As used in this Note, "holder" shall mean the Payee or other endorsee of this Note, who is in possession of it, or the bearer hereof, if this Note is at the time payable to the bearer. The word "Maker" shall mean each of the undersigned. If this Note is signed by more than one person, it shall be the joint and several liabilities of such persons.

10. Miscellaneous. The captions of paragraphs in this Promissory Note are for the convenience of reference only, shall not define or limit the provisions hereof and shall not have any legal or other significance whatsoever.

ADDRESS:
City Hall, 215 Sycamore
Muscatine, Iowa 52761

City of Muscatine:

BY: Richard W. O'Brien
Dick O'Brien, Mayor

ATTEST: _____
(Signature, Title)