

MEMORANDUM

Date: March 16, 2015

To: Mayor Hopkins and Muscatine City Council

From: Gregg Mandsager, City Administrator

Re: TIF

The following relates to Tax Increment Financing for a proposed Union Tank Car expansion and IEDA High Quality Jobs application.

The project is estimated to increase their assessed value after the rollback by \$260,000. A minimum 20% local match is required per the High Quality Jobs application. Additional match makes for a stronger application.

The company expects to retain 20 employees and hire 10 new employees and will make an investment of approximately \$1.905 M.

The company is working closely with IEDA to place their application on their March Board Meeting agenda. We are working with IEDA to confirm what additional action may be required from the City prior to the March meeting.

I would ask if there is City Council consensus to proceed and prepare a TIF agreement under the following basic terms and to authorize the Mayor to sign the attached resolution of support for the project.

TIF Proposal:

- Minimum assessed value
- Annual appropriation
- Legal fees covered by the developer
- 20 retained and 10 new employees
- Wages: 10 @ \$17.82-\$18.27
- 10 years @ 50% (\$43,832)

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF MUSCATINE, APPROVING THE
APPLICATION OF UNION TANK CAR, TO THE IOWA ECONOMIC
DEVELOPMENT AUTHORITY HIGH QUALITY JOBS PROGRAM**

WHEREAS, the City of Muscatine has received a request from Union Tank Car to approve and submit an application to the State of Iowa for the Economic Development High Quality Jobs Program, and

WHEREAS, the program was established to promote Economic Development and Job Creation in the State of Iowa, and

WHEREAS, the City of Muscatine supports activities which promote and facilitate Economic Development within the City of Muscatine, and

WHEREAS, in the application, Union Tank Car has indicated that they will:

1. Create 10 new full-time positions.
2. Provide comprehensive health benefits to its employees.
3. Make a capital investment of approximately \$1.905 million.

NOW, THEREFORE, BE IT RESOLVED by the City of Muscatine:

- a. The Muscatine City Council hereby approves the application of Union Tank Car for the purpose of receiving benefits from the High Quality Jobs Program.
- b. The Muscatine City Council understands the local match requirement of the Iowa Economic Development Authority and hereby approves a local match in an amount that will exceed the 20% local match with a 10 year 50% TIF rebate agreement estimated at \$43,832.50.
- c. The Muscatine City Council hereby authorizes the Mayor to sign the HQJP application on behalf of the City and to take such further actions as deemed necessary in order to carry into effect the provisions of this Resolution.

PASSED, APPROVED, AND ADOPTED this 19th day of March 2015.

DeWayne Hopkins, Mayor

Gregg Mandsager, City Clerk

Proposed New TIF - If \$260,000 Increment
 10 and 5 Year Proposals
 3/9/2015

	<u>If \$260,000 Increment</u>
	<u>If 50% for 10 Years</u>
Valuations	
Estimated Value After Improvement	N/A
Frozen Base	N/A
Increment Estimates	\$ 260,000
Tax Rate for Increment (Per \$1,000) (FY 15 Rate for Increment)	<u>33.71730</u>
	<u>If 100% Rebate</u>
Incremental Taxes (Total Annual Estimate)	\$ 8,766.50
Rebate Percentage (See Actuals Below)	<u>100.00%</u>
Rebate (At 100% - See Actuals Below)	<u>\$ 8,766.50</u>

<u>Year</u>			
1	\$	4,383.25	50%
2		4,383.25	50%
3		4,383.25	50%
4		4,383.25	50%
5		4,383.25	50%
6		4,383.25	50%
7		4,383.25	50%
8		4,383.25	50%
9		4,383.25	50%
10		<u>4,383.25</u>	50%
Estimated Total Value of 10 Year or 5 Year	\$	<u>43,832.50</u>	

3-17-2015



SCANNED TO ALLEN.WILLIAMS@IOWA.GOV 3-18-2015

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.

STATE of IOWA – Financial Assistance Program

High Quality Jobs Program (HQJP)

☐ Tax Credits

☒ Direct Financial Assistance

2. Before filling out this application form, please read all applicable sections of the Iowa Code and Iowa Administrative Code (rules). www.legis.state.ia.us/IowaLaw.html
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**REVISION****Applicant Information****Date Application Submitted: 3/18/2015**

1. **Name of Business:** UNION TANK CAR COMPANY
2. **Entity Name (for contracting purposes):** same
3. **Address:** 175 W. Jackson Blvd, 21st Floor
4. **City, State & Zip Code:** Chicago, IL 60604
5. **Contact Person:** Donald Keplinger **Title:** Manager – Tax Dep't
6. **Phone:** 312-431-5078 **Fax:** 312-431-5149 **Email:** Keplinger@utlx.com
7. **FEIN:** 36-3104688
8. **NAICS Code for primary business operations:** 488210
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) 47-0813844 ☐ 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: Mark J Garrette, Vice President, Principal Financial Officer, CFO of UNION TANK CAR COMPANY c/o Marmon Holdings, 181 W Madison, 26th Floor, Chicago, IL 60602
11. **If the application was prepared by someone other than the contact person listed above, please complete the following: same**
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
13. **Chairperson, etc.):** Dwayne Hopkins **Official Contact (e.g. Mayor, Title:** Mayor
14. **Address:** 215 Sycamore St,
15. **City, State & Zip Code:** Muscatine, IA 52761
16. **Phone:** 563-264-1550 **Fax:** **Email:**
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 Jenkins **Title:** Pres. & CEO of GREATER MUSCATINE CHAMBER OF COMMERCE & INDUSTRY
Address: 102 Walnut St.
City, State & Zip Code: Muscatine, IA 52761
Phone: 563-263-8895 **Fax:** 563-263-7662 **Email:** gjenkins@muscatine.com

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

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.**
See attachment nbr. 1
2. **Business Structure:**
☐ Cooperative ☒ Corporation ☐ Limited Liability Company
☐ Partnership ☐ S-Corporation ☐ Sole Proprietorship
3. **State of Incorporation:** DE
4. **Identify the Business' owners and percent ownership:** Berkshire – Hathaway (BRK) is the ultimate owner (100%)
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.** See attachment nbr 1
7. **What is the Business' worldwide employment? (Please include employees of parent company, subsidiaries, and other affiliated entities in this figure.)** See attachment nbr 2

Project Information

8. **Project Street Address:** 2603 Dick Drake Way
Project City & Zip Code: Muscatine, IA 52761 **Project County:** MUSCATINE
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.)**
Expand railcar coating (internal tank protection) at Muscatine Iowa facility – see attachment nbr 1

12.

Project Timeline (add additional rows as needed)	Beginning Activity Date	Activity Completion Date
Coating Facility New Building	Q2 2015	December 2015

13. **Has any part of the project started*?** ☐ Yes ☒ No
If yes, please explain.

** 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. See attachment nbr 3
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.
20 jobs See attachment nbr 1
16. **Is the Business actively considering locations outside of Iowa?** ☒ Yes ☐ No
If yes, where and what assistance is being offered? Proprietary negotiations – KS, OH, WY

17. Please identify the company project management for the project location and experience. **David Hauner**
General Manager - Shop Services Union Tank Car Company - Repair Services Business Unit 312.431.5049

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	\$ 341,000			\$ 341,000			
Building Acquisition							
Building Construction	\$ 597,000			\$ 597,000			
Building Remodeling	\$ 248,000			\$ 248,000			
Mfg. Machinery & Equip.	\$ 381,000	\$ 80,000		\$ 301,000			
Other Machinery & Equip.							
Racking, Shelving, etc. ¹							
Computer Hardware							
Computer Software							
Furniture & Fixtures	\$ 338,000			\$ 338,000			
Working Capital							
Research & Development							
Other							
TOTAL	\$ 1,905,000	\$ 80,000	\$	\$1,825,000	\$	\$	\$

¹ Racking, shelving and conveyor equipment used in distribution center projects only

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
Add additional lines as needed		(Loan, Grant, In-Kind, Donation, etc.)			Include when funds will be disbursed; If loan, whether payments are a level term, balloon, etc
Source A: IEDA (see #4 below)	\$ 80,000	Forgiveable Loan		Pending	
Source B: Local Government					
Source C: Business	\$1,825,000	Cash/Equity		Approved	
Source D: Other Source	\$				
Source E: Other Source	\$				
Source F: Other Source	\$				
TOTAL	\$1,905,000				

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 ☒	
Irrevocable letter of credit ☐	
Dedicated certificate of deposit (CD) ☐	
Surety bond ☐	
Mortgage on real estate ☐	
Corporate guaranty ☐	
Personal guarantee ☐	

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

Letter of Credit or CD

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		
Sales, Service & Use Tax Refund		
Research Activities Credit (3%/10%)		
Local Property Tax Exemption		
Tax Increment Financing	\$ 44,000	10 Year TIF / Property Tax Rebate
260E Job Training Funds		
In-kind Contribution		
Other		
TOTAL	\$ 44,000	

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.

Assistance from Iowa is requested due to other states' offering incentives to expand or build new for railcar mechanical & coating work. Iowa has the nearest proximity to key customers.

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
	80% single Coverage	50% Family coverage	Monetary Equivalent
Total Number of Employees in Iowa	Pay 80% of premium costs for a standard medical plan, single coverage.	Pay 50% of premium costs for a standard medical plan, family coverage.	Provide medical and pay the monetary equivalent of Option 1 or Option 2 in supplemental employee benefits.
250+	\$750 maximum deductible	\$1,500 maximum deductible	Benefits Counted Toward Monetary Equivalent: 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
50-249	\$1250 maximum deductible	\$2500 maximum deductible	
0-50	\$1750 maximum deductible	\$3500 Maximum deductible	

1. How many full-time, permanent employees does your company currently employ within the State of Iowa? 137*

* includes 3 mobile unit employees stationed at Missouri Valley, IA, on the west side of the state

2. What is the total premium cost for a standard medical plan for **single employee coverage**?
- What portion of this cost is paid by the business? 88 %
 - What is the deductible associated with this plan? \$250 in PPO network / \$500 out of network

3. What is the total premium cost for a standard medical plan for **family coverage**?
- What portion of this cost is paid by the business? 88 %
 - What is the deductible associated with this plan? \$750 in PPO network / \$1500 out of network

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

Benefit	Annual amount paid by the business (per employee):
Dental Insurance – Single plan	\$230 (monthly x 12)
Dental Insurance – Family plan	\$550 (monthly x 12)
Pension (Use 3-year average calculated below)	\$
Retirement Plan - i.e. 401(k) (Use 3-year average calculated below)	\$
Profit Sharing Plan (Use 3-year average calculated below)	See Item 5 detail
Childcare Services	\$
Life Insurance coverage	Company Basic = \$.034 x thousands of coverage
Disability Insurance coverage	\$134 per employee annually
Health Savings Account (HSA) contribution	\$
TOTAL	\$

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	Average Actual Match per Employee (\$)
2015 Salaried	50% of Employee contribution, max 3% match
2015 Hourly	25% of 6% employee contribution, max 1.5% match
	\$
Three-year Average:	SAME

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.

Year Ending	Average Actual Share per Employee (\$)
	\$
	\$
	\$
Three-year Average:	\$

Notes:

- A qualified plan must be offered to all full-time permanent employees.
- 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>		
Job Title	Number of CREATED Jobs	Starting Hourly Wage	Wage at 36 months following the award
Carmen I	10	\$ 17.82	\$ 18.27
Total Full-Time CREATED Jobs			

Full-Time RETAINED Jobs	<i>(Add additional rows as needed)</i>	
Job Title (AT-RISK jobs only)	Number of RETAINED Jobs	Current Hourly Wage
Carmen II	5	\$ 21.07
Carmen I	15	\$ 17.82
Total Full-Time RETAINED Jobs	20	

2. Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? ☒ Yes ☐ No
If no please explain:

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

Attachment Nbr 4

State Business Taxes	Year 1	Year 2	Year 3	Year 4	Year 5
State Corporate Income Tax*					
State Business Sales and Use Tax					

* Insurance Companies: Provide State Insurance Premium Tax

Attachment Nbr 4

Local Business Taxes	Year 1	Year 2	Year 3	Year 4	Year 5
Local Real Estate Property Tax					
Local Option Sales Tax					

CONFIDENTIAL

SECTION G

Attachments

Please attach the following documents:

A1 Project Plan – see attachment nbr 1

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://iowaeconomicdevelopment.com/BusinessDev/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://iowaeconomicdevelopment.com/BusinessDev/application>

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

- Profit and loss statements and balance sheets for past three year-ends; **2014 & 2012 Financials**
- Current YTD profit and loss statement and balance sheet;
- Schedule of aged accounts receivable;
- Schedule of aged accounts payable; and
- Schedule of other debts. **See UTLX COMPANY Consolidated Financial Statements (page 9) Debt**

A5 Collateral documentation (If requesting direct financial assistance only)

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
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: See attachment nbr 5

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 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

3/6/2015
Date

Signature

Date

MARK J GARRETTE, VICE PRESIDENT, Chief Financial Officer CFO

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.

Business Locations:

2603 Dick Drake Way, Muscatine, IA 52761 – 134 Employees Year End 2014

505 East Ontario St , Missouri Valley, IA 51555 – 3 Employees Year End 2014

3400 Anamosa Road, Clinton, IA 52732 – 3 Employees Year End 2014

EXECUTIVE SUMMARY

Union Tank Car Company ("UTLX") Repair business is proposing an expansion of the coating department at the company's Muscatine operations. In addition to mechanical repairs, cleaning, blasting and painting, UTLX - Muscatine will offer state of the art interior coatings, which protect the steel shells from corrosion, and commodities like corn syrup from contamination. There are opportunities to expand in Iowa, Kansas or Ohio.

The proposed \$1.9 Million dollar project will increase the Muscatine shop's coating capacity and free up line spaces in the mechanical repair section of the shop. The capture of third party revenue will complement work on UTLX's own fleet of 80,000 rail cars. This expansion will also provide for expected surges related to the AAR's- required "requalifications" every 10 years for rail tank cars.

BERKSHIRE HATHAWAY WORLDWIDE 340,499 Employees

The Letter to Berkshire shareholders sent by Warren Buffett accounts for the total number of employees worldwide for Berkshire and its subsidiaries and associated companies such as Heinz ketchup.

Excerpt from Mr. Buffett's Shareholder follows letter:

UNION TANK CAR COMPANY BUSINESS FINANCIAL ASSISTANCE APPLICATION ATTACHMENT NBR 3
COMPETITORS – RESCAR, WATCO, GE RAIL, TRINITY APPLIED FOR REPAIR SHOP QUALIFICATION

The company faces competition from several US firms, such as Watco (based in Ft. Scott, Kansas) which is jointly operating rolling stock (railcar) repair facilities with Greenbrier Industries (based in Portland, Oregon). Also the arch competitor for the Union Tank operation, is Trinity Industries (based in Dallas, Texas), who may receive the qualification award from the American Association of Railroads ("AAR") for a shop in Iowa, or in one of the contiguous states.

Other rolling stock (railcar) repair companies include GE Rail Services Co (based in Chicago) with a major shop in Waterloo, Iowa; and Rescar Industries (based in Downers Grove, Illinois). Rescar, in particular, competes with Union Tank Car for business. Rescar has repair shop locations at Lakota, Iowa; and just across Iowa's river borders in Blair, Nebraska, and in Sullivan, Illinois.

Market share is fragmented due to relatively lower capital barriers for entry.

UNION TANK CAR COMPANY

Business Financial Assistance Application

Muscatine, IA - Coating Shop Addition

DKK 3-5-
2015**ATTACHMENT # 4 - INCREASE IN TAXES ASSOCIATED WITH PROJECT INVESTMENT**

	Year 1	Year 2	Year 3	Year 4	Year 5
	\$	\$	\$	\$	\$
State Corporate Income Tax	5,000	5,000	5,000	5,000	5,000
State Business S&U Tax	41,000	0	0	0	0
Local Real Estate Property Tax	\$ 10,600	\$ 10,700	\$ 10,900	\$ 11,100	\$ 11,200
Local Option S&U Tax	7,000	0	0	0	0

Pre-Engineered Per Design:

New Building	82' x 162' x 43'	13,284	-	-	-	-
Increase in Assessed Value		292,250	296,630	301,080	305,600	310,180
@ Rollback 90%		263,030	266,970	270,970	275,040	279,160
Tax levy per 2014 billing		40.19622	40.19622	40.19622	40.19622	40.19622

Presumed Earnings x Apport.	42,855	42,855	42,855	42,855	42,855
Corporate Income Tax Rate	12%	12%	12%	12%	12%
State S&U Rate	6%	6%	6%	6%	6%
Local Option S&U Rate	1%	1%	1%	1%	1%

Section H CERTIFICATION AND RELEASE OF INFORMATION

In the last five years have there been, or are there currently any investigations of potential violations of public health, safety (including workplace safety) ... by the applicant entity?

The Muscatine facility received a faxed OSHA Complaint # 208819029, 7/2/2013, regarding heat stress illnesses. The OSHA file was closed based on the faxed response.

The Muscatine facility received a faxed OSHA Complaint # 208819423, 7/11/2013, regarding access to chemical information and communication of tornado warnings. The OSHA file was closed based on the faxed response.

John Kolb
Director, Safety & Health - Repair Services
Union Tank Car Company

IOWA ECONOMIC DEVELOPMENT AGENCY
Attachment A3 – Business Financial Assistance Application

Affidavit

State of Iowa
County of Muscatine

I, Mark J Garrette, Vice President of Union Tank Car Company depose and say that I have examined the following statement and have found it to the best of my knowledge to be accurate and true.

Union Tank Car Company has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental and worker safety regulations, 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.

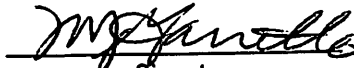
I have submitted a report detailing the circumstances of all such violations to the Economic Development Authority and such report represents a full and complete description of such circumstances.

I hereby certify that the information presented to the Iowa Economic Development Authority on March 6, 2015, is fully complete, true, and correct. 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, as provided in Iowa Code section 15A.3 and other applicable law.

Furthermore, I understand that providing false, misleading, or fraudulent information to the Board may result in civil and/or criminal liabilities and penalties against the Recipient and its representatives.

I further depose that the signature below is my own proper signature.

Dated: March 6, 2015



Signature

Mark J. Garrette, VP – Union Tank Car Company

Subscribed and sworn to before me on
this 6th day of March, 2015

 (Notary Public)

Cook County, Illinois
My commission expires on 7-16-2016

