

EDIC MEETING
Tuesday, February 27, 2024 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee Meeting Minutes of 1/23/2024**
 - a. January 23, 2024 [Page 1-2]
- 2. Ownership Change for Woodrow Wilson Apartments/Commercial Space [Page 3-7]**
- 3. Border States PILOT Application for Distribution Center [Page 8-20]**
- 4. Changes to Tax Increment Financing Policy [Page 21-26]**

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, January 23, 2024

The January meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, January 23, 2024.

The committee members present or absent are:

Members Present: Dave Piepkorn, Mayor Mahoney, Jim Gilmour, Jackie Gapp, Jon Eisert, Michael Splonskowski and Erik Barner.

Members Absent: Jessica Ebeling, John Cosgriff, Robert Wilson, Levi Bachmeier, and Lucas Paper.

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Minutes Approved

A motion was made by Erik Barner to approve the minutes from November 28, 2023. Jon Eisert seconded. Motion carries.

Lashkowitz Housing Application- PILOT

- Chris Brungardt- Lashkowitz
- \$4.8 million into project
- Special limited partner- 99.99% owner
- 110 units. 1-3 bedrooms. 100% voucher to all units. Section 8
- They are looking at SRO building for low income housing
- Is there a waiting list for 55 and older living?
 - Yes. 600 families are waiting.

A motion was made by Jon Eisert to approve application for property tax exemption. Erik Barner seconded. Motion carries.

Anvil, Property Tax Exemption Application

- Guy Nelson- President
- 4th and Main
- Tax exemption would be on the portion of the building that they occupy.
- The build is worth \$515,000
- They currently employ 7 people but would like to expand to 15 people.

A motion was made by Jon Eisert to approve tax exemption application. Erik Barner seconded. Motion carries.

Information on Growth Plan

- Nicole Crutchfield- Planning and Development
- Currently working on phase 3 (last phase)
- They are waiting for future land use plan so they can move forward.
- Meeting with stakeholders

Packet Digital, Property Tax Exemption Application

- Matt Steel- Director of Operations
- Building their own batteries so they do not have to import. These batteries give power to drones.
- Plan to start Bad Land Batteries this spring
- Looking for a 5 year exemption
- 25 jobs over 5 years paying \$40 per hour

A motion was made by Jon Eisert to approve tax exemption application. Erik Barner seconded. Motion carries.

The meeting was adjourned at 1:56pm.

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To _____
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business **Graystoke Capital Woodrow LLC 69% Tenant In Common Member & ACV ALB San Mateo, LLC 31% Tenant-in-Common Member.**
2. Address of project _____
City _____ County _____
3. Mailing address of project operator _____
City _____ State _____ Zip _____
4. Type of ownership of project
☐ Partnership ☐ Subchapter S corporation ☐ Individual proprietorship
☐ Corporation ☐ Cooperative ☒ Tenant In Common ☐ Limited liability company
5. Federal Identification No. or Social Security No. **Graystoke Capital Woodrow LLC [REDACTED]
ACV ALB San Mateo, LLC - [REDACTED]**
6. North Dakota Sales and Use Tax Permit No. _____
7. If a corporation, specify the state and date of incorporation **Graystoke Capital Woodrow - Delaware - Sept 13, 2021
ACV ALB San Mateo - Delaware - June 21, 2017**
8. Name and title of individual to contact _____
Mailing address _____
City, State, Zip _____ Phone No. _____

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.
- | | |
|--------------------------------------------------------|-------------------------------------------------------------------------|
| <input type="checkbox"/> Property Tax Exemption | <input type="checkbox"/> Payments In Lieu of Taxes |
| _____ Number of years | _____ Beginning year _____ Ending year |
| _____ Percent of exemption | _____ Amount of annual payments (attach schedule if payments will vary) |
10. Which of the following would better describe the project for which this application is being made:
- ☐ New business project ☐ Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

12. Will the project property be owned or leased by the project operator? ☐ Owned ☐ Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

☐ Yes ☐ No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? ☐ New construction ☐ Existing facility

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application _____

b. Description of project to be constructed including size, type and quality of construction

c. Projected number of construction employees during the project construction _____

14. Approximate date of commencement of this project's operations _____

15. Estimated market value of the property used for this project:

a. Land..... \$ _____


b. Existing buildings and structures for which an exemption is claimed..... \$ _____

c. Newly constructed buildings and structures when completed \$ _____

d. Total..... \$ _____

e. Machinery and equipment \$ _____

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ _____

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ _____

e. Enter the consolidated mill rate for the appropriate taxing district _____

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ _____

Description of Project Business

Note: “project” means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing
☐ Wholesaling ☐ Warehousing ☐ Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

19. Indicate the type of machinery and equipment that will be installed

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

| | New/Expansion Project only Year 1 | New/Expansion Project only Year 2 | New/Expansion Project only Year 3 | New/Expansion Project only Year 4 | New/Expansion Project only Year 5 |
|-----------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Year (12 mo. periods) | | | | | |

| | | | | | |
|----------------|--|--|--|--|--|
| Annual revenue | | | | | |
| Annual expense | | | | | |
| Net income | | | | | |

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

| # Current Positions | | New Positions Under \$13.00 | New Positions \$13.01-\$15.00 | New Positions \$15.01-\$20.00 | New Positions \$20.01-\$28.00 | New Positions \$28.01-\$35.00 | New Positions Over \$35.00 |
|---------------------|--|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|
| | | | | | | | |

| Year | (Before project) | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|------------------|--------|--------|--------|--------|--------|
| No. of Employees | (1) _____ | _____ | _____ | _____ | _____ | _____ |
| | (2) _____ | _____ | _____ | _____ | _____ | _____ |
| Estimated payroll | (1) _____ | _____ | _____ | _____ | _____ | _____ |
| | (2) _____ | _____ | _____ | _____ | _____ | _____ |

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☐ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☐ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☐ Yes ☐ No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☐ Yes ☐ No
- If YES, give name and location of competing business or businesses

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100% %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☐ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☐ No

If the answer to 26 or 27 is Yes, list and explain

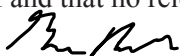
Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):
- ☐ To present additional facts or circumstances which were not presented at the time of the original application
 - ☐ To request continuation of the present property tax incentives because the project has:
 - ☐ moved to a new location
 - ☐ had a change in project operation or additional capital investment of more than twenty percent
 - ☐ had a change in project operators
 - ☐ To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, _____, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant information relating to the ownership or operation of the project has been omitted.



Signature

Title

Date

February 22, 2024

Jim Gilmour
Director of Strategic Planning & Research
City of Fargo
225 4th Street North
Fargo, North Dakota 58102

Dear Mr. Gilmour:

Graystoke Capital Woodrow LLC purchased the Woodrow Apartments located at 301/315 University Dr N and 1222 4th Ave N from DFI Woodrow Wilson LLC on January, 19, 2022. The Fargo City Commission approved DFI Woodrow Wilson for a PILOT incentive on August 17, 2015 which was later than approved by the Fargo City Commission to be transferred to Graystoke Capital Woodrow LLC upon the sale. Graystoke Capital Woodrow LLC would like to sell a 30% interest in the project to ACV ALB San Mateo, LLC. Graystoke Capital Woodrow LLC will retain a 70% stake in the project. This project will be held in a Tenant-in-Common ownership structure.

Graystoke Capital Woodrow 70% Tenant-in-Common member and ALB San Mateo, LLC 30% Tenant-in-Common member is requesting to transfer and assume the remainder of the already approved PILOT tax payment schedule as is allowed under section 40-57.1.06 of the ND Century Code: "option to make payments in lieu of taxes for the remainder of the exemption or payments in lieu of taxes period."

Please find the attached applications, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Graystoke Capital Woodrow LLC and ACV ALB San Mateo, LLC the new operator of this project.

Please let me know if there is any additional information needed.

Sincerely,



Graye Parnell
Managing Principal

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To Fargo
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

| | | | |
|----|---------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|
| 1. | Name of project operator of new or expanding business | <u>Border States Industries, Inc.</u> | |
| 2. | Address of project | <u>Please see attached legal description.</u> | |
| | City | <u>Fargo</u> County <u>Cass</u> | |
| 3. | Mailing address of project operator | <u>PO Box 2767</u> | |
| | City | <u>Fargo</u> State <u>ND</u> Zip <u>58108-2767</u> | |
| 4. | Type of ownership of project | | |
| | <input type="checkbox"/> Partnership | <input checked="" type="checkbox"/> Subchapter S corporation | <input type="checkbox"/> Individual proprietorship |
| | <input type="checkbox"/> Corporation | <input type="checkbox"/> Cooperative | <input type="checkbox"/> Limited liability company |
| 5. | Federal Identification No. or Social Security No. | <u>[REDACTED]</u> | |
| 6. | North Dakota Sales and Use Tax Permit No. | <u>[REDACTED]</u> | |
| 7. | If a corporation, specify the state and date of incorporation | <u>North Dakota - 1/6/1961</u> | |
| 8. | Name and title of individual to contact | <u>James Sipe, Executive VP - Supply Chain</u> | |
| | Mailing address | <u>PO Box 2767</u> | |
| | City, State, Zip | <u>Fargo ND 58108-2767</u> Phone No. <u>1-701-476-3148</u> | |

Project Operator's Application For Tax Incentives

| | | |
|-----|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 9. | Indicate the tax incentives applied for and terms. Be specific. | |
| | <input type="checkbox"/> Property Tax Exemption | <input checked="" type="checkbox"/> Payments In Lieu of Taxes |
| | <u> </u> Number of years | <u>2026</u> Beginning year <u>2035</u> Ending year |
| | <u> </u> Percent of exemption | <u>\$100</u> Amount of annual payments (attach schedule if payments will vary) |
| 10. | Which of the following would better describe the project for which this application is being made: | |
| | <input type="checkbox"/> New business project | <input checked="" type="checkbox"/> Expansion of a existing business project |

Description of Project Property

11. Legal description of project real property

~~Please see attached for legal description of real property.~~

12. Will the project property be owned or leased by the project operator? ☒ Owned ☐ Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

☐ Yes ☐ No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? ☒ New construction ☐ Existing facility

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application July 2, 2024

b. Description of project to be constructed including size, type and quality of construction

Border States is constructing a 350,000 sf distribution center. The project will be a Type II-B construction consisting of a concrete floor slab, precast concrete walls, steel joist roof framing with membrane roofing system. Site work such as excavating, grading, and paving will also be completed as part of the construction.

c. Projected number of construction employees during the project construction 10 employees/day for 18 months

14. Approximate date of commencement of this project's operations Winter 2025

15. Estimated market value of the property used for this project:

a. Land..... \$ 4,100,000.00

b. Existing buildings and structures for which an exemption is claimed..... \$ 0.00

c. Newly constructed buildings and structures when completed \$ 38,119,300.00

d. Total \$ 38,119,300.00

e. Machinery and equipment \$ 4,659,000.00

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible)

b. Eligible existing buildings and structures..... \$ 0

c. Newly constructed buildings and structures when completed..... \$ 1,905,965.00

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 1,905,965.00

e. Enter the consolidated mill rate for the appropriate taxing district 272.00

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 518,422.48

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing
☒ Wholesaling ☐ Warehousing ☐ Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

Please see attached project description.

19. Indicate the type of machinery and equipment that will be installed

The following machinery and equipment will be installed in the distribution center: Furniture, racking, pallet wrapper, pallet jacks, floor scurbber, wire machine, forklifts, and miscellaneous warehouse items.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

| | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only | New/Expansion Project only |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Year (12 mo. periods) | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> |
| Annual revenue | <u>Please see</u> | | | | |
| Annual expense | | | | | |
| Net income | | | | | |

21. Projected annual average number of persons to be employed by the project itself at the project location for each year for the first five years and the estimated annual payroll.

| | | New/ Expansion Project only | New/ Expansion Project only | New/ Expansion Project only | New/ Expansion Project only | New/ Expansion Project only |
|-------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Year | Company-wide (before project) | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> |
| No. of Employees | (1) <u>3136</u> | <u>58</u> | <u>60</u> | <u>62</u> | <u>65</u> | <u>68</u> |
| | (2) <u>38</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Estimated payroll | (1) <u>387,835</u> | <u>4,225,721</u> | <u>4,541,521</u> | <u>4,875,821</u> | <u>5,308,961</u> | <u>5,768,961</u> |
| | (2) <u>2,221,621</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☒ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☐ Yes ☒ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☒ Yes ☐ No
If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
1) Border States Industries, Inc., 2400 38 ST S, Fargo - approved in 2016 and expires in 2029
2) Border States Industries, Inc., 605 25 ST S, Fargo - approved in 2014 and expires in 2025

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☒ Yes ☐ No

If YES, give name and location of competing business or businesses

Dakota Supply Group: 2601 3rd Ave. N., Fargo, ND 58102

Consolidated Electrical Distributors: 3850 34th Avenue S, Fargo, ND 58104

Wesco: 2650 7th Ave. N., Fargo, ND 58102

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No

If the answer to 26 or 27 is Yes, list and explain

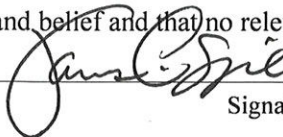
Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):
- ☐ To present additional facts or circumstances which were not presented at the time of the original application
 - ☐ To request continuation of the present property tax incentives because the project has:
 - ☐ moved to a new location
 - ☐ had a change in project operation or additional capital investment of more than twenty percent
 - ☐ had a change in project operators
 - ☐ To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, James Sipe, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.


Signature

Executive VP - Supply Chain
Title

2-7-24
Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the _____ day of _____, 20____, granted the following:

☐ **Property Tax Exemption**

_____ Number of years

_____ Percent of exemption

☐ **Payments in lieu of taxes**

_____ Beginning year _____ Ending year

_____ Amount of annual payments (Attach schedule if payments will vary)

Auditor

3. Grantor(s) agrees to provide recipient with a business incentive described as follows:

3.a. Is this incentive tax increment financing? ☐ Yes ☒ No

If yes, describe the type of district:

4. The business incentive will be provided on _____.
This date is the benefit date.

5. The public purpose(s) of the business incentive are:

- | | |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <input type="checkbox"/> Assisting community development | <input checked="" type="checkbox"/> Increase tax base |
| <input checked="" type="checkbox"/> Directly create employment opportunities | <input type="checkbox"/> Indirectly increase employment opportunities |
| <input type="checkbox"/> Job retention | <input type="checkbox"/> Other _____ |

6. Value of Business Incentive: \$5,184,224.80 if 10
year 100% exemption is granted

7. Recipient currently employs 3,136 people, located in 38 states (391 Fargo employees).

8. In return for the business incentive, Recipient shall, within two years create: 60
Number of full-time equivalent jobs

| | | | | |
|---------------------|---|-------------------------|---|-----------------------------|
| <u>25.22</u> | + | <u>9.80</u> | = | <u>35.02</u> |
| Average hourly wage | | Benefits per hour value | | Average hourly compensation |

9. The Recipient shall continue operations in the jurisdiction in which the business incentive was issued for five years or more after the benefit date.

10. Recipient shall file a recipient report with the Grantor, as described in N.D.C.C. § 54-60.1-05 annually on or before March 1st of each year for two years, beginning in 2007, following the benefit date or until the goals of paragraph 8 are met, whichever is later.

10.a. Grantor shall mail the recipient a warning letter if no report is received by March 8th. Recipient shall file the progress report within 14 days of the postmarked date of the warning letter.

10.b. If a recipient report is not received within 14 days of the warning letter, Recipient agrees to pay to Grantor a \$100 penalty for each subsequent day until the report is filed. The maximum penalty under this section may not exceed \$1,000.

11. Recipient shall pay back the value of the incentive to the Grantor, prorated to reflect any partial fulfillment of the job and compensation goals, if, after two years, the job and compensation goals listed in paragraph 8 are not met.

- 11.a. Paragraph 11 does not apply if the job and compensation goals were not met as a result of an act of God or terrorism.
12. This business incentive agreement shall only be modified or extended by the Grantor pursuant to N.D.C.C. § 54-60.1-04.
13. If the terms of this business incentive agreement are not met, Recipient shall not receive a business incentive from any grantor for five years from the date of failure or until a recipient satisfies the repayment obligation.
14. The Recipient has disclosed, in attachment “A” of this agreement, all additional financial assistance received from state or political subdivision Grantors for this project since inception.
15. By signing this agreement, Recipient verifies that it has not failed to meet the terms of any business incentive agreement in the last five years.

Dated this _____ day of _____, 20____.

Grantor: _____ on behalf of _____

Dated this _____ day of _____, 20____.

Recipient: _____ on behalf of _____

LEGAL DESCRIPTION OF PROPERTY: SIX PARCELS OF LAND INCLUDING:

Lots one, Two, Three, Four, Five, and Six, in Block Three of Laverne's Second Addition to the City of Fargo, situate in the County of Cass and the State of North Dakota.

Common Addresses:

- *Lot 1:* 3181 43rd St. N
- *Lot 2:* 3101 43rd St. N
- *Lot 3:* 3303 43rd St. N.
- *Lot 4:* 3030 42nd St. N.
- *Lot 5:* 3100 42nd St. N.
- *Lot 6:* 3190 42nd St. N.

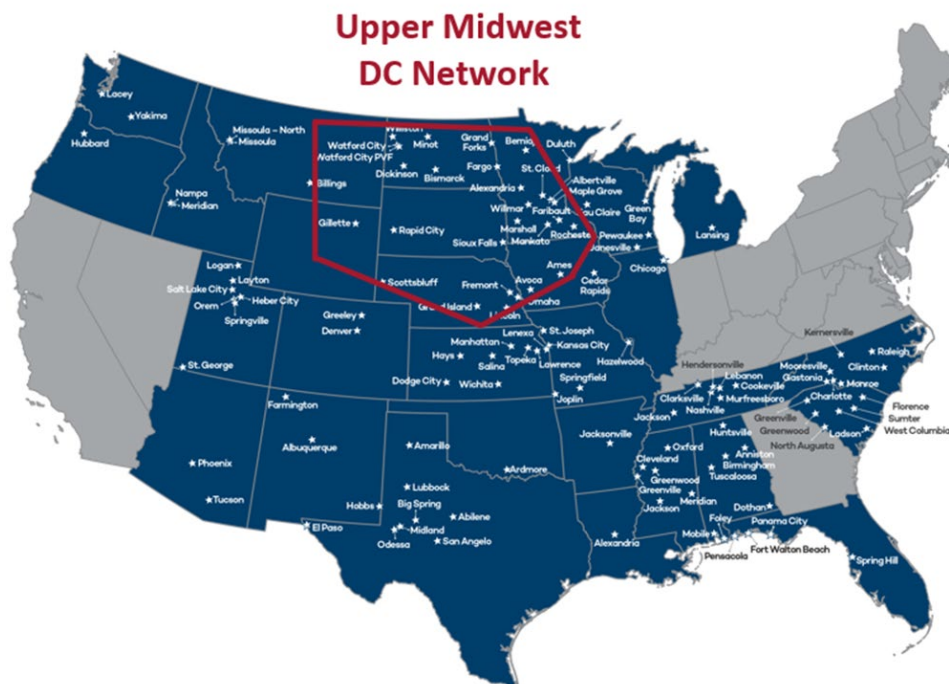
Paragraph 18: Description of Project:

Border States Industries, Inc. (Border States) is a wholesale distributor of electrical, construction, industrial, utility, and data communication materials and equipment. Border States is a North Dakota corporation, founded in Grand Forks in 1952 and incorporated in North Dakota in 1961. Border States is 100% employee owned and is one of the 100 largest employee-owned companies in the United States.

Border States is headquartered in Fargo and presently has over 120 locations in over 29 states and employs more than 3,000 individuals in 38 states. Border States has 391 employee-owners located in Fargo at our branch location (605 25th St. S., Fargo, ND 58103) and principal office and branch support center (2400 38th St. S., Fargo, ND 58104).

Border States is implementing a Distribution Network strategy over the next 5-7 years which will result in several operational efficiencies for Border States and ultimately lower the cost to serve our customers. Border States' first distribution center will be constructed in the Upper Midwest and will be the model for our distribution centers in other regions of the country. The Upper Midwest distribution center will serve 28 of Border States' operating branch locations in the Upper Midwest (ND, MN, SD, NE, MT, WY, & IA).

Border States is evaluating construction of its Upper Midwest Distribution Center in North Fargo with construction planned for July 2024 and operations to commence in the Winter of 2025. While Border States continues to evaluate other locations in the Upper Midwest, it has narrowed its primary focus to Fargo and Sioux Falls, SD. Border States prefers Fargo to Sioux Falls because of the operational effectiveness of the location and Border States' strong connection to the Fargo community.



Operations at the distribution center will primarily consist of inventory management, consolidation and repackaging for distribution to Border States "final mile" operating branches. Collateral operations will

include wire cutting, return staging and processing, Border States services, Material Handling Equipment (MHE), and asset storage. While Border States does not manufacture the products it sells, this facility will include a Border States service center which may focus on some light assembly, modification and kitting operations.

Inventory will be received at the distribution center from Border States' various manufacturer and vendor partners. Border States will house approximately \$40 to \$50 million dollars in inventory at the distribution center. The inventory stored will consist primarily of electrical, construction, & utility materials and equipment. The majority of products are materials that can be stored efficiently indoors and that can be transported on standard pallets. Border States anticipates 25,000 -30,000 unique SKU's housed within the Upper Midwest distribution center once fully operational.

At least 58 full-time employees will be needed on day one of operations. The distribution center will include office space, a conference room, a breakroom, and a reception area for distribution center employees and distribution center support. All administrative and branch support functions will remain at Border States' branch support center in Fargo.

Paragraph 20: Annual Expense, Revenue, and Net Income: The distribution center will not directly generate revenue because sales are not generated from the distribution center. Rather, the distribution center will serve Border States' Upper Midwest operating branch locations which generate revenue. Calculating the increase in revenue and net income because of the operational efficiencies created by the distribution center is a complex and nuanced analysis. Upon request, Border States can provide on a confidential basis financial information needed to evaluate the application.

**Supplement to Border States Industries, Inc.’s Application for
Property Tax Incentives for New or Expanding Businesses**

Question 21

Current positions & positions added the initial year of project

| # Current Positions | | New Positions Under \$13.00 | New Positions \$13.01-\$15.00 | New Positions \$15.01-\$20.00 | New Positions \$20.01-\$28.00 | New Positions \$28.01-\$35.00 | New Positions Over \$35.00 |
|---------------------|--|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------|
| 0 | | | | | 58 | | |

Question 25:

Border States’ planned distribution center will not compete directly with the competitors listed in the application. However, the distribution center will supply Border States’ branch locations which do compete directly with the competitors listed. WESCO and Graybar, specifically, are large wholesale distributors and 100% of our gross revenue competes directly with these entities.

Border States Industries, Inc.

By: James Sipe
Title: Exec. VP - Supply Chain

Dated: February 15, 2024

June 29, 2020

Rachel Schall
Border States Industries Inc
PO Box 2767
Fargo, ND 58108-2767

Dear Rachel:

Thank you for your application for primary-sector certification by the North Dakota Department of Commerce, Economic Development & Finance Division. We have reviewed your application and determined that ED&F can certify your company, **Border States Industries Inc**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** from today's date (expires 6/29/2024).

Most of North Dakota's economic development programs, tools and incentives are targeted toward primary-sector clients. You may be requested to provide a copy of this primary-sector certification letter when you apply for certain economic development incentive and funding programs.

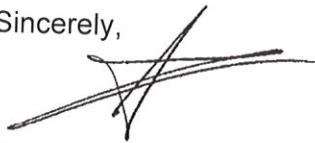
This certification does not guarantee the receipt of any North Dakota business incentive. For example, there are additional qualification criteria for the Seed Capital Investment and Agricultural Business Investment personal income tax credits, and it is critical that investments **NOT** be made prior to the business receiving certification for these two credits. If you are pursuing certification for investment tax credits and need to know the criteria required for qualification, contact Joe Cicha 701-328-7283.

This certification is not the application process for the North Dakota New Jobs Training Program administered by Job Service North Dakota. To apply for the North Dakota New Jobs Training Program, you must contact Job Service North Dakota for the required application forms. Application forms for other programs that require primary sector certification are available from the agency administering the program.

Also, companies and individuals pursuing the investment tax credit incentive are reminded there is a cap on available dollars. Please visit with the ND Office of the Tax Commissioner regarding the remaining balance for investment tax credits. The credits are available on a first-come-first-serve basis until the law-defined cap is met.

North Dakota appreciates your contribution to the citizens and economy of our state. If there is anything further we can do to assist your company, please contact us at 701-328-5300.

Sincerely,




James Leiman, Director
Economic Development & Finance Division

| Exemption Evaluation Calculator | | | | 145.0 | | | | 145.0 | |
|---------------------------------------------------------------|--------|--------------------|---------------------|-------|---------------------|---------------|--------|-------|--|
| Border States Industries Inc | | | Points | | | | Points | | |
| Project Type Code (Ctrl-C to view) | | | 3 | 25.0 | | | 3 | 25.0 | |
| Current Number Of Employees | Year 1 | 391 | | | Year 3 | 391 | | | |
| Hourly Salary Without Benefits | # Jobs | | | | # Jobs | | | | |
| Under \$13.00 | | | | | | | | | |
| \$13.01-\$15.00 | | | | | | | | | |
| \$15.01-\$20.00 | | | | | | | | | |
| \$20.01-\$28.00 | 58 | Pts. For # Jobs-> | 40.0 | 62 | Pts. For # Jobs-> | 40.0 | | | |
| \$28.01-\$35.00 | | Pts. For \$ Jobs-> | 30.0 | | Pts. For \$ Jobs-> | 30.0 | | | |
| Over \$35.00 | | | | | | | | | |
| TOTAL # OF JOBS CREATED | 58 | | | 62 | | | | | |
| % GI w/ Local Competition (not downtown) | | 100% | -25.0 | | | 100% | -25.0 | | |
| Value of Proposed Buildings | | \$ 38,119,300 | 50.0 | | | \$ 38,119,300 | 50.0 | | |
| Downtown Location (Y/N) | | N | 0.0 | | | N | 0.0 | | |
| Startup Firm (Y/N) | | N | 0.0 | | | N | 0.0 | | |
| Has Const Started or Has Bldg Been Occupied If Existing (Y/N) | | N | 0.0 | | | N | 0.0 | | |
| Number of Years (Exemption) | | 10 | | | | 10 | | | |
| Company Safety Experience Rating | | 3 | 25.0 | | | 3 | 25.0 | | |
| RECOMMENDATION IS TO | | | APPROVE | | APPROVE | | | | |
| Description | | | Primary Sector Dist | | Primary Sector Dist | | | | |
| Estimated New Annual Payroll | | | \$2,895,360 | | \$3,095,040 | | | | |
| Estimated Annual Real Estate Tax | | | \$518,422 | | \$518,422 | | | | |
| Estimated PV of Exemption | | | \$4,003,121 | | \$4,003,121 | | | | |
| Payroll / PV of Exemption | | | 0.7 | | 0.8 | | | | |
| Property Value / # of Jobs | | | \$ 657,229 | | \$ 614,827 | | | | |
| Total Value Of Benefit | | | \$ 5,184,225 | | \$ 5,184,225 | | | | |

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: February 20, 2024

SUBJECT: TIF Policy Amendment

The City of Fargo TIF (Tax Increment Financing) policy has effectively removed blighted structures and supported new high quality development. The new development relies on existing infrastructure and provides increased property tax revenue, so it adds little to the cost of providing City services to the property.

Under current policy, the removal of blighted properties begins when a developer is ready to immediately start on the new development. The details of the new buildings are known and the financial review is done to determine the amount of public assistance. There is no incentive to maintain deteriorated and or vacant buildings. In some ways, it encourages developers to leave properties in the current condition to qualify for TIF incentives.

Policy Change

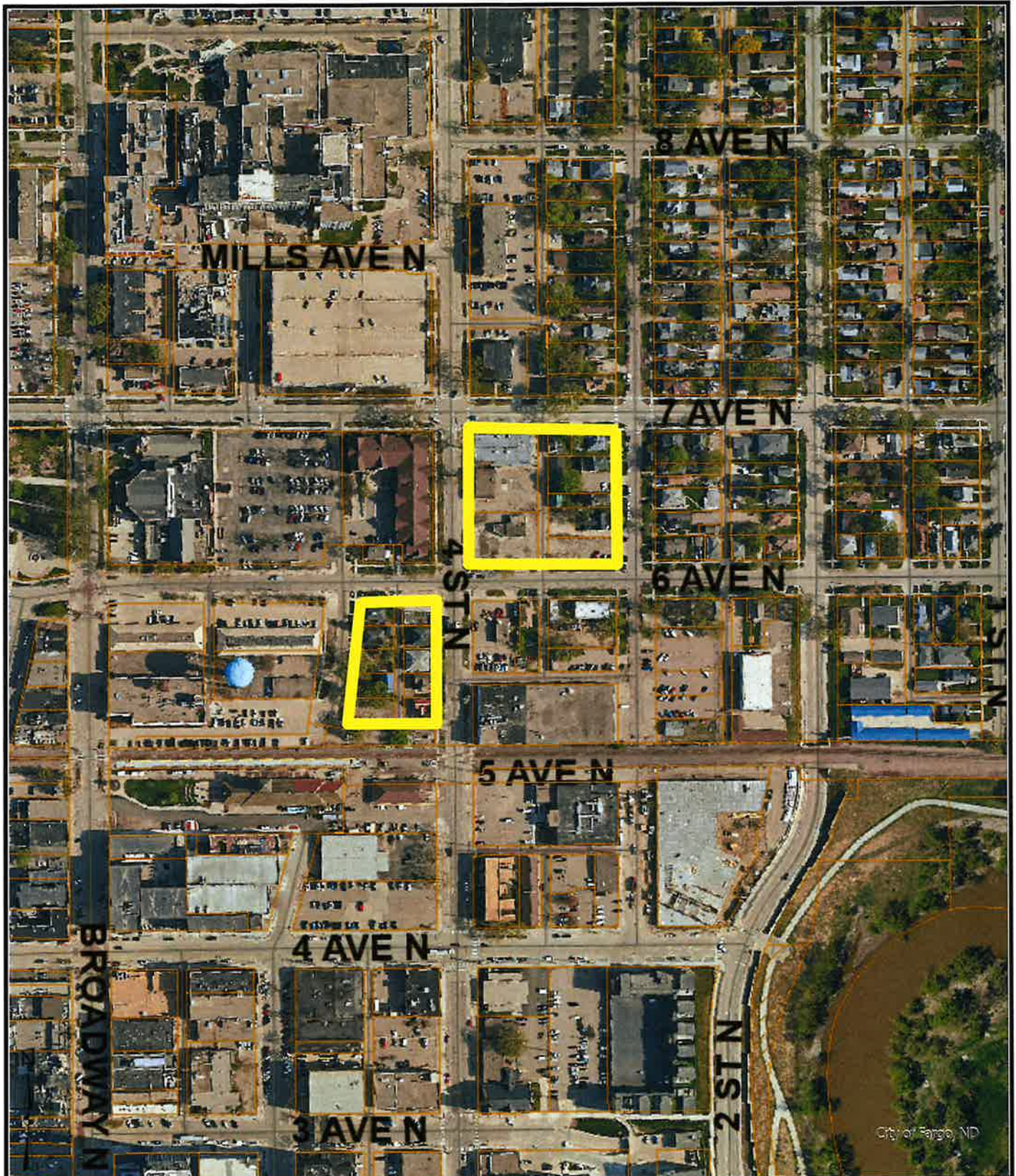
The City of Fargo should consider amending the TIF policy to encourage developers to remove blighted buildings in a first phase of redevelopment. The second phase would be review of the details of the proposed development and a financial review to determine if additional incentives are needed.

The first phase would be the preparation of a Renewal Plan, creation of a TIF District and approval of a first phase development agreement. The terms of the development agreement would be the City agreeing to reimburse the developer for the cost of demolition and the value of the existing buildings. TIF payment would be made in the future from TIF income from future buildings. The developer would be given some period of time, such as 5 years, to begin construction on new buildings. If development does not start in the required time, the developer would not receive TIF income.

Prior to the second phase, the developer would apply for any plat or zoning changes need for the project. The developer could apply for and may receive additional incentives such as the Renaissance Zone property tax exemptions.

Recommended Motion

Draft amendment to current TIF policy to provide for a two-phase redevelopment program.



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Future Redevelopment

1:4,514

2/21/2024 12:24 PM

This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.

THE CITY OF
Fargo
FAR MORE







