FARGO TAX EXEMPT REVIEW COMMITTEE Tuesday, July 23, 2019 – 1:00 p.m. City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee meeting minutes of 6/25/2019
 - **a.** June 25, 2019 minutes [Page 1-4]
- 2. Summary of PILOT Applications
 - a. Staff Summary of Payment in Lieu of Tax Applications Submitted [Page 5]
- 3. PILOT Application by DFI BJ, LLC (Kilbourne)
 - a. Application for 10 year Payment in Lieu of Tax [Page 6-12]
 - **b.** PILOT "But For" Financial Analysis [Page 13-20]
- 4. PILOT Application by Aldevron
 - a. 10 year Payment in Lieu of Tax [Page 21-27]
- 5. Applications for PILOT Transfer to Tzadik Sioux Falls Portfolio III on Woodrow Wilson Apartments
 - a. Application for Transfer of PILOT on 1222 4 Ave. N.[Page 28-32]
 - **b.** Application for Transfer of PILOT on 315 University Dr. N.[Page 33-37]
- 6. Applications for PILOT Transfer on Block 9 Project
 - a. Application for Transfer of PILOT to Block 9 SRO, LLC [Page 38-43]
 - **b.** Application for Transfer of PILOT to Block 9 RDO, LLC [Page 44-49]
 - c. Application for Transfer of PILOT to Block 9 Retail, LLC [Page 50-55]
 - d. Application for Transfer of PILOT to Block 9 Hotel, LLC [Page 56-61]

TAX EXEMPT REVIEW COMMITTEE Fargo, North Dakota

Regular Meeting

Tuesday, June 25, 2019

The June meeting of the Tax Exempt Review Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, June 25, 2019.

The committee members present or absent are:

Present: Dave Piepkorn, Mayor Tim Mahoney, , Bruce Grubb, Kent Costin, Jim Buus, Jessica Ebeling, John Cosgriff, Jim Gilmour, Ben Hushka, Erik Johnson, Jackie Gapp

Absent: Mark Lemer, Joseph Raso

Others Present: Commissioner Tony Grindberg, Representing the Renaissance Zone Authority were Deb Mathern, Bruce Furness, Cari Luchau, Steve Swiontek, Dean Bresciani, and Chad Peterson. Larry Nygaard representing Roers Development, Mike Allmendinger representing Kilbourne Group, Holly Hagen

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

A motion was made by Jim Buus to correct the date on and approve the minutes from the January meeting held on January 22, 2019. Bruce Grubb seconded. Motion carried.

Tax Increment Financing Application by Roers Development

Jim Gilmour introduced the application submitted by Roers Development, Inc. for tax increment financing. Mr. Gilmour began by summarizing the TIF policy, Payment In Lieu of Tax (PILOT), and Renaissance Zone program. Roers Development is requesting \$950,000 TIF assistance for project, beginning Fall of 2019 and completed in 2021, that consists of 85 rental units and 7 townhomes in connection with the Newman Center (faith-based housing project). The Newman Center project would not receive TIF assistance. The TIF would freeze the value of the block that Roers currently owns (\$1.55 million) for a maximum of 10 years. Mr. Gilmour requested direction from the committee on whether to create a TIF district on Roers property only with the TIF note returned to developer or to include entire block in TIF district (including faith-based housing), but return any tax increment above what would be paid to Roers and use that to support neighborhood housing projects in Roosevelt neighborhood.

Larry Nygaard with Roers Development clarified that Roers is requesting TIF assistance for only their portion in the development of lots 2 & 3 to consist of 85 apartment units and 7 townhomes to be sold in the \$275,000 price range. Mr. Nygaard explained that there has been much discussion to ensure that the neighborhood needs are being accommodated, and that this project has been deemed acceptable by all parties. He also wished to clarify that the Newman center has started their portion of the project, but Roers has not started their portion of the project. Mr. Nygaard noted that 100% of blighted houses will be removed and redeveloped. Mr. Nygaard explained the terms of financing, that although financing has not been finalized yet, they would like to get a 5 year term loan that is 2 years interest only with the balance amortized over 30 years.

Commissioner Grindberg asked for further explanation or additional information from Jim Gilmour for using a larger TIF district to find resources to remove blighted houses in Roosevelt neighborhood. Mr. Gilmour explained that TIF money is eligible for acquisition and demolition of properties and could be used to acquire and demolish dilapidated homes in the Roosevelt neighborhood and make the lots available for new homes to be built. He explained that this used to be a fairly regular practice with the Neighborhood Revitalization Initiative, but has not been active recently due to lack of funds; he hopes that this might be an opportunity to get some funds over the next 10-15 years to take on some of these projects to benefit the neighborhood. Mr. Gilmour said that there is also a possibility of acquiring the townhome lots with a land trust.

Commissioner Piepkorn reminded the committee, from the PFM evaluation, that the developer bears all risk involved with the project and that they've concluded that the project would not be feasible without public assistance.

Jim Buus asked Mr. Nygaard about the site plans for Lot 4. Mr. Nygaard explained that they have committed to building 7 townhomes on lot 3 to be sold and that they are unsure of the demand in that neighborhood in that price range. They left the option to build 4 more town homes on lot 4 if they are successful with the 7 that they have already committed to building.

Chad Peterson asked if this project is necessary based on his understanding of the current vacancy rate. Mr. Nygaard responded that they keep a close eye on and consider vacancy over 30 year period. They are confident that this model of faith-based housing will be successful. Mr. Peterson then asked if the project is successful and vacancy rate is 0%, do we really need to be giving away money to these kind of projects. Commissioner Piepkorn clarified that no money is being given away, but rather taxes are being deferred. Mayor Mahoney asked Dean Bresciani if there has been trouble filling student housing, specifically referencing an apartment building by the Shack. Mr. Bresciani responded that that project is an anomaly in that it wasn't completed on time, but other student housing options closer to campus have sold out before they were even completed.

Mr. Gilmour reviewed the TIF options for either the Roers owned property or to expand the TIF district and use TIF money above and beyond what is returned to the developer to be used for neighborhood improvement projects.

Jim Buus asked about how large the TIF district would be for option 2. Gilmore responded that it would encompass the Roosevelt neighborhood. Commissioner Piepkorn expressed his discomfort at including faith-based housing in TIF district and would prefer to limit the TIF area to the Roers development. Mayor Mahoney brought up that option 2 would be innovative in taking TIF money and improving neighborhood. Jessica Ebeling asked if there was any more information about option 2. Mr. Gilmour said that nothing has been written up but that it would include acquiring more properties. Commissioner Piepkorn stated that the discussion should be about TIF and nothing else. Jim Buus agrees with Mr. Piepkorn that the discussion should regard specific focus of the project and that option 2 is undefined.

Jim Buus moved to approve TIF on Roers property only. Jessica Ebeling seconded. Motion carried.

PILOT Application by Great Plains Antique Holdings, LLC (Kilbourne)

Jim Gilmour presented the application for a 15 year PILOT based on 100% for first 5 years, 90% for years 6 & 7, then dropping 10% every year through year 15. The project is 65 apartment units, 90 parking spaces, 4 story structure, \$12.1 million construction cost; project to start in the fall and be completed December of 2020. Mr.Gilmour stated that the financial analysis said the project will not happen without assistance. He said they will continue to pay existing property taxes and PILOT will only apply to any additional property taxes on the improvements.

Ben Hushka explained the amortization calculations; that there are different calculations/tables if county opts out of all or part of the PILOT. He stated that the land is fully taxable, PILOT would apply to improvement value only.

Mayor Mahoney asked about vacancy in downtown Fargo and if there are too many apartments. Mike Almendinger responded that they have not experienced high vacancies in their projects. Mr. Almendinger referred to the InFocus downtown study that said the downtown could sustain 300 more units per year.

Chad Peterson asked how the city judges when these programs have "worked" and if we still need to give more incentives to be downtown. He stated that he supports 5 year incentives, but questions the need for 10-15 year incentives. Jim Buus responded that the Tax Exempt Review Committee discussed that issue quite a bit. He said that the consensus is that we're still not where we want to be yet. Mr. Buus said that the committee felt that we would continue the incentives in downtown for a few more years and then revisit the issue. Commissioner Piepkorn responded that we haven't met our goals for downtown yet and that downtown is what makes Fargo unique.

Nicole Crutchfield stated that according to the Downtown InFocus Plan, we are 1/3 of the way in terms of downtown jobs and households being added and the InFocus plan encourages more growth.

Jim Gilmour responded that a recent Harvard study stated more people over \$75,000 income want to rent. Commissioner Piepkorn noted that the developer bears all the risk regarding the project and cannot complete this project without the assistance.

Mayor Mahoney moved to approve PILOT application as proposed. Jim Buus seconded. Motion carried.

PILOT Application by Great Plains 1001 Holdings, LLC (Kilbourne)

Jim Gilmour gave an overview of the project. It is the former Nestor site at 10th St. & NP. There will be 5,500sf of commercial space on main floor, 160 apartment units on upper levels, 230 parking spaces, 4 story structure. The project will begin in fall with the first phase completed in late 2020 and the 2nd phase to be completed in early 2021. Mr. Gilmour said that the request is for the first 5 years getting the Renaissance Zone Exemption and the next 10 years at 90% exemption for two years and a 10% reduction each year down to 10% exemption in the last year.

Nicole Crutchfield presented that the project meets Renaissance Zone requirements meeting 93 rating points out of 100 for Renaissance Zone approval.

Mike Almendinger explained that this is Kilbourne's largest project thus far with retail or restaurant space on the main floor with 160 units on upper floors and 230 parking spaces total – 55 surface spots and the remaining underground. He said that are working to get retail and a restaurant on the main floor. Mr. Almendinger said they will continue to pay the current tax. He said they submitted all of their financial information for the financial review to determine if the project is feasible without the incentive. He said they feel they need the incentive for the project to be possible. Mr. Almendinger said of the 24 projects Kilbourn has done downtown, there were only three previous ones they asked for a PILOT or a TIF. He said they only ask for them if it is critical to make them happen.

Jessica Ebeling made a motion to approve the application for PILOT subject to the Assessor coordinating with the applicant on the payment calculations prior to Commission action. Bruce Grubb seconded. Motion carried.

PILOT Application by DFI Kesler, LLC (Kilbourne)

Application has been continued to the July meeting.

Chad Peterson brought up the fact that he doesn't agree with the long term incentives granted for apartments causing others taxes to increase. He said there is going to be a void during that term because there will need to be additional police and fire protection.

Jessica Ebeling said that the Tax Exempt Review Committee is helping to be a tool to carry out the overall strategic plan of the City. Ms. Ebeling said that until that vision changes, she will continue to vote in support of the forward progress of the City' of Fargo. If that vision changes, that should be a top-down approach.

Bruce Grubb moved to adjourn. Jim Buus seconded. Motion carried.

TAX EXEMPT REVIEW COMMITTEE APPLICATION SUMMARY

Scheduled Meeting Date: 7/23/2019

APPLICATION #1

Applicant	DFI BJ, LLC (Kilbourne)
Address	617 & 621 1 st Ave N.
Parcel Number	01-2382-00330-000 & 01-2382-00420-000
Project Type	Apartments, retail, and parking
Project Timing	Commencement of operations April 2021
Request	10 Year PILOT on increased value of project
Comments	PILOT Payment structured to retain tax amount currently being paid.
	Meets existing policy for downtown apartments & significant development

APPLICATION #2

Applicant	Aldevron
Address	4055 41 Ave S
Parcel Number	01-2382-02530-000 & 01-2382-02745-000
Project Type	Apartments and commercial development
Project Timing	Commencement of operations late 2020 – early 2021
Request	15 Year PILOT on increased value of project
Comments	Project meets the criteria for primary sector. Received 142.8 points out of
	required 100 for recommended approval. Standard term for primary sector is 5
	years. Applicant is requesting a 10 year term.

APPLICATION #3 & #4 (Transfer of existing PILOT to new owner group)

Applicant	Tzadik Sioux Falls Portfolio III, LLC
Address	1222 12 Ave. N. & 315 University Dr. N.
Parcel Number	01-2382-04450-000
Project Type	Apartments, commercial, and parking
Project Timing	Original PILOT approved 8/17/2015
Request	Transfer existing PILOT to new owner.
Comments	20 year PILOT was granted to each building with varying payment schedules.
	PILOT schedule will begin after expiration of Renaissance Zone exemption.

APPLICATION #5, #6, #7, & #8 (Transfer of existing PILOT to new owner groups)

Applicants	Block 9 SRO LLC, Block 9 RDO LLC, Block 9 Retail LLC, Block 9 Hotel LLC
Address	215 Broadway
Parcel Number	01-1520-00823-001, 01-1520-00823-002, 01-1520-00823-003,
	01-1520-00823-004, 01-1520-00823-005
Project Type	Commercial office, corporate headquarters, hotel, & retail
Project Timing	Original PILOT approved 5/23/2016
Request	Transfer existing PILOT to new owner.
Comments	20 year PILOT was granted.



Application For Property Tax Incentives For New or Expanding Businesses

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

JUL 15 2019

Project Operator's Application To Fargo City or County

FARGO ASSESSOR BY EMAIL FROM JIM

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

I.	Name of project operator of new or	expanding business DFI BJ	LLC
2,	Address of project 621 1 AVE N - 6	17 1 AVE N	
	City Fargo		County Cass
3.	Mailing address of project operator	210 Broadway Suite 300	
	Cit	y Fargo	State ND Zip 58102
4.	Type of ownership of project ☐ Partnership ☐ Corporation	☐ Subchapter S corporation☐ Cooperative	on ☐ Individual proprietorship ☐ Limited liability company
5.	Federal Identification No. or Social	Security No. <u>81-3520268</u>	
6.	North Dakota Sales and Use Tax Pe	rmit No.	
7.			
8.	Name and title of individual to cont	act Mike Allmendinger	
	Mailing address 210 Broadway Suite	300	
	City, State, Zip Fargo, ND 58102		Phone No. 701.237.2279
	ct Operator's Application For Tax I		
9,	Indicate the tax incentives applied for	•	
	☐ Property Tax Exemption		Payments In Lieu of Taxes
	Number of years		Beginning year 2036 Ending year
	Percent of exemption	X	Amount of annual payments (attach schedule
	rescent of exemption		if payments will vary)
10.	Which of the following would bette		1 3

	Legal description of project real property ee attached	
	Will the project property be owned or leased by the pro- If the answer to 12 is leased, will the benefit of any ince Yes No If the property will be leased, attach a copy of the lease benefits.	entive granted accrue to the project operator? or other agreement establishing the project operator's
	• •	sting 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
		ail five floors of market-rate apartments and underground t parkings lots, (617/621 1st Ave N & 624 2nd Ave N). 621 1st Ave N parcels.**
14.	Approximate date of commencement of this project's of	operations April 2021
15.	Estimated market value of the property used <u>for this project</u> : a. Land\$ 176,000	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible)
	b. Existing buildings and structures for which an exemption is claimed\$ c. Newly constructed buildings	b. Eligible existing buildings and structures
	and structures when completed\$ 7,975,350	d. Total taxable valuation of property eligible for exemption
	d. Total\$ 8,151,350	(Add lines b and c)\$ 7,975,350
	e. Machinery and equipment\$ 0	e. Enter the consolidated mill rate for the appropriate taxing district
		f. Annual amount of the tax exemption (Line d multiplied by line e)

Notine	te: "projec lude any e	t" means a n stablished pa	ewly est ort of an	tablished existing	busin busin	ess or the expess.	oansion poi	rtion of	an existing b	ousii	ness. Do not
17.	Type of b	usiness to be	engaged			ocessing esaling			facturing ousing		Retailing Services
18.	be manuf	actured, prod	uced, ass	sembled o	r store	ed (attach add	ect operator, itional sheet	includi	ng a descripti essary).	ion c	of any products to
	Leasing of r	esidential apar	tments an	nd commerc	cial spa	ace	11-131				
19.	Indicate t		-	and equip		that will be in	stalled				
20.	For the pr	oject only, in	dicate th	e projecte	d anni	ual revenue, e ear of the requ	xpense, and	I net inc	ome (before t	tax)	from either the
	Year (12 n	no. periods)	New/Exj Project <u>Yea</u>	only	Pro	Expansion ject only Year 2	New/Expan Project of Year 3	nly	New/Expans Project onl <u>Year 4</u>		New/Expansion Project only <u>Year 5</u>
	Annual re	venue	1,398,	100	1,9	91,300	2,031,10	0	2,071,700	=35	2,113,114
	Annual ex	pense	471,60	00	48	1,000	490,600	_	500,400	-	510,408
	Net incom	ie	926,50	00	1,5	10,300	1,540,50	0	1,571,300	+	1,602,706
						ployed by the	project for	the firs	t five years:		
	rrent position	ons & positio		i the initia		of project New Position	n Now De	-141	N		N D W
	Positions	Under \$		\$13.01-\$1		\$15.01-\$20.			New Position \$28.01-\$35.0	- 1	New Positions Over \$35.00
					-						
	Year		Before p	project)	<u>Ye</u>	ar 1	Year 2	Year	<u>Ye</u>	<u>ar 4</u>	Year 5
	No. of Em	ployees (1) <u>n/a</u>				=======================================				= ==
		(2									
	Estimated	payroll (1	n/a								
	ull time art time	(2			-			-			= ====

Previous Business Activity	Previous	Business	Activity
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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
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). RZ: DFI Loudon 2015; DFI St Marks 2015; DFI 1213 2016; DFI BE (123 Broadway) 2016; DFI Roberts 2017; ; DFI BA (113 BW) 2020; DFI BC (119 BW) 2020 DFI RZ/PILOT: DFI Woodrow 2016; DFI Black 2020; Block 9 Partners 2021
	ss Competition Salar
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
	-Other mixed use projects located in Fargo
	Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100%
rope	rty 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?
	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)
Notic	e to Competitors of Hearing
Prior licati	to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of properties on giving notice to competitors unless the municipality has otherwise determined there are no competitors.
ĭ M	chael Allmendinger , do hereby certify that the answers to the above questions and all of
infor	mation contained in this application, including attachments hereto, are true and correct to the best of my knowled belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.
anu t	President 7.9.15
	Signature Title Date

	KESLER PRO	DJECT - SOUTH	PARCEL	
Project	DFI BJ LLC		Units	Parking
Project Value	\$7,975,350		41	30
Land Value	\$176,000		Commercial	
Mills	0.2886		5,620	
	Land Taxes	New Taxes	Incentive	Proposed Schedule
Year 1	\$2,414	\$0	PILOT	\$2,908
Year 2	\$2,414	\$0	PILOT	\$2,908
Year 3	\$2,414	\$0	PILOT	\$2,908
Year 4	\$2,414	\$0	PILOT	\$2,908
Year 5	\$2,414	\$0	PILOT	\$2,908
Year 6	\$2,414	\$0	PILOT	\$2,908
Year 7	\$2,414	\$0	PILOT	\$2,908
Year 8	\$2,414	\$0	PILOT	\$2,908
Year 9	\$2,414	\$0	PILOT	\$2,908
Year 10	\$2,414	\$0	PILOT	\$2,908

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	01-2381-00420-000
Address	617/621 1 Ave. N.
Date Application Received	6/4/2019 / 6/10/2019
1st Publication Date	6/17/2019
2nd Publication Date	6/24/2019
TRC Meeting Date	6/25/2019
Commission Hearing Date	7/15/2019
Notice Delivery To School/County	6/13/2019
School/County 30-Day Response	7/13/2019
Exemption Type	PILOT
Estimated Improvements Value	\$7,975,350
Building Value to Remain Taxable	\$28,000
Current Land Value	\$176,000
County Share of Levy (%)	17.3%
Anticipated Tax Growth	0.0%
Current Mill Levy	288.6
Number of Years Granted	10
Discount Rate (for Present Value)	4.50%
Total Gross Estimated Benefit	\$1,146,803
Present Value of Benefit	\$750,700

\$750,700	e of Benefit
\$1,146,803	stimated Benefit
4.50%	e (for Present Value)
10	ears Granted
288.6	.evy
0.0%	ax Growth
17.3%	e of Levy (%)

NOT STARTED

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\$115,084 \$114,680 \$105,000 \$115,084 \$114,680 \$100,500 \$115,084 \$114,680 \$96,200 \$115,084 \$114,680 \$92,000 \$115,084 \$114,680 \$88,100 \$115,084 \$114,680 \$88,100	\$2,944	\$80,600	\$114,680	\$115,084	\$404	8 100%	
\$115,084 \$114,680 \$105,000 \$115,084 \$114,680 \$100,500 \$115,084 \$114,680 \$96,200 \$115,084 \$114,680 \$92,000 \$115,084 \$114,680 \$88,100	\$2,944	\$84,300	\$114,680	\$115,084	\$404	7 100%	
\$115,084 \$114,680 \$105,000 \$115,084 \$114,680 \$100,500 \$115,084 \$114,680 \$96,200 \$115,084 \$114,680 \$92,000	\$2,944	\$88,100	\$114,680	\$115,084	\$404	6 100%	
\$115,084 \$114,680 \$105,000 \$115,084 \$114,680 \$100,500 \$115,084 \$114,680 \$96,200	\$2,944	\$92,000	\$114,680	\$115,084	\$404	5 100%	
\$115,084 \$114,680 \$105,000 \$115,084 \$114,680 \$100,500	\$2,944	\$96,200	\$114,680	\$115,084	\$404	4 100%	
\$115,084 \$114,680 \$105,000	\$2,944	\$100,500	\$114,680	\$115,084	\$404	3 100%	
	\$2,944	\$105,000	\$114,680	\$115,084	\$404	2 100%	
\$115,084 \$114,680 \$109,700	\$2,944	\$109,700	\$114,680	\$115,084	\$404	1 100%	
<mark>ıt</mark> Full Bldg Tax Benefit PV of Benefit PILOT & Land Tax	PILOT & Land Tax	PV of Benefit	Benefit	Full Bldg Tax	PILOT Pymt	% Bd Ex	

\$2,944	\$73,800	\$114,680	\$115,084	\$404	00%
\$2,944	\$77,200	\$114,680	\$115,084	\$404	100%
\$2,944	\$80,600	\$114,680	\$115,084	\$404	100%
\$2,944	\$84,300	\$114,680	\$115,084	\$404	100%
\$2,944	\$88,100	\$114,680	\$115,084	\$404	00%
\$2,944	\$92,000	\$114,680	\$115,084	\$404	100%
\$2,944	\$96,200	\$114,680	\$115,084	\$404	100%
\$2,944	\$100,500	\$114,680	\$115,084	\$404	100%
\$2,944	\$105,000	\$114,680	\$115,084	\$404	100%
\$2,944	\$109,700	\$114,680	\$115,084	\$404	100%
PILOT & Land Tax	Benefit PV of Benefit	Benefit	Full Bldg Tax	PILOT Pymt	Ε×

\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
\$22,772	\$94,875	\$115,108	\$19,898	\$19,829	\$70
Benefit PILOT & Tax	Benefit	Full Impr Net Tax	County % PLT County Addl PLT Co Share Impr Tax	County Addl PLT	County % PLT

		CALCULATION O	CALCULATION OF ADDITIONAL TAX DUE TO COUNTY	TO COUN	TY	
provent Value	Year	Mill Levy	CO Levy	%	Full Impr Net Tax	Co Share Impr
\$7,975,300	2021	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2022	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2023	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2024	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2025	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2026	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2027	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2028	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2029	288.66	49.90	17.3%	\$115,108	\$19,
\$7,975,300	2030	288.66	49.90	17.3%	\$115,108	\$19,

Parcel #:

01-2381-00420-000

Address:

621 1 AVE N

Lot: T Block: 2 ROBERTS - HAGAMANS SUB LOTS T & U BLK 2 EXC E 8"" OF S 100' OF LOT U TOGETHER WITH A STRIP OF LAND 3' WIDE IMMEDIATELY ADJ & RUNNING A LG ENTIRE W SIDE LOT T & STRIP OF LAND 10' WIDE IM MEDIATELY ADJ & RUNNING ACCROSS ENTIRE N END LOTS T & U

Parcel #:

01-2381-00330-000

Address:

617 1 AVE N

Lot: 10 Block: 2 ROBERTS W50' LOTS 10-12 BLK 2 A ND ROBERTS - HAGAMANS SUB E 8" OF S 100' LOT U

BLK 2

City of Fargo, North Dakota

Payment in Lieu of Taxes Program "But-For" Report

624 2nd Avenue North

617/621 1st Avenue North

Downtown District







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2.	Project	2
3.	Project Financing	3
4.	Return Analysis	4
5.	Conclusion	6

Purpose

The purpose of this report is to establish and determine the allowable value of the payment in lieu of taxes (PILOT) tax exemption for DFI Kesler, LLC (the "Developer") (Kilbourne Group).

PFM first reviewed the application/proforma to ensure that appropriate assumptions regarding property value, rent, vacancy, and expenses were used by the Developer. Based on those assumptions, PFM projected a 15-year cash flow, calculating an internal rate of return. The following report details PFM's analysis and conclusions concerning the viability of the proposed project without the subsidy. The proposed project will be an investment of the Developer so PFM also calculated an internal rate of return for the project.



Project

The project being proposed by DFI Kesler, LLC includes constructing 95 market rate apartment units, retail space, and structured parking at 624 2nd Ave N and 617/621 1st Ave N. The apartments will range from studio units at approximately 575 square feet to three bedroom units at approximately 1,340 square feet. There will also be structured parking available, as well as retail space. As noted in the previous section, the proposed project is to be an investment property for the Developer.

The Developer has stated that the construction will be completed by April 2021 with occupancy immediately following. The Developer has requested PILOT financing assistance in an amount in excess of \$2.23 million on a present value basis to complete the project. This amount is based on projections of the future tax payments less the projected PILOT payments. Both the estimated tax payments and estimated PILOT payments assume a property value increase of 1.70% per year. This amount assumes five years of 100% exemption, followed by 10 years of 64% exemption.



Project Financing

The Developer is investing 26% equity, or \$5,570,985, and will be privately financing \$15,750,936. The Developer is additionally requesting PILOT assistance through annual property tax savings. The private financing is estimated to be a 25-year loan at a 5.85% interest rate resulting in an annual principal and interest payment of \$1,243,785.



Return Analysis

In calculating the internal rate of return, PFM first analyzed the Developer's assumptions including expected monthly rent, vacancy rate, and the operating expenses. The Developer is proposing a rent of \$970 per month for studio units, \$1,300 per month for one bedroom units, \$1,850 per month for two bedroom units, and \$2,100 per month for three bedroom units. The Developer provided estimates of annual operating expenses, as follows; General and Administrative - \$14,396, Marketing - \$71,981, Repairs/Maintenance -\$122,368, Utilities - \$187,151, Property Tax - \$279,835, Insurance - \$4,319, and Management Fee -\$71,384. The total expenses, assuming the Developer pays full real estate taxes, are approximately 38% of gross operating income. PFM used the given assumptions for Year 1 and, using a 2% inflationary factor for expenses and 1.70% for revenues, developed a 15-year cash flow. PFM assumed Year 1 vacancy rate would be 35% for 10 months of the year assuming an April 1 occupancy and 5% beyond Year 1.

The second step in determining the internal rate of return is to determine the earned incremental value of the property over the 15-year period. That value, along with the net operating income cash flows, was used to calculate the internal rate of return. PFM determined that without PILOT assistance the Developer would have about a 7.33% internal rate of return. The Developer would have about a 9.99% internal rate of return if it received the public assistance for the full 15 years. A reasonable rate of return for the proposed project is 10% - 15%.

Another measure of feasibility and project viability is the debt coverage ratio. PFM has projected a maximum debt coverage ratio of 1.29x without assistance in the first 15 years with a Year 4 coverage of 1.00x. If the City provided assistance to the project the maximum debt coverage is projected to be 1.36x with a Year 4 coverage of 1.23x. The minimum coverage of 0.69x occurs in Year 1 when the project is still assumed to be in the rent-up period. Debt coverage is important to developers when securing financing for their projects. Many times banks will require a minimum coverage in the range of 1.10x – 1.50x.

Using PFM's "without assistance" cash flow as the base scenario, PFM ran sensitivity analyses in order to determine if the project would be likely to occur without public assistance. For the first sensitivity analysis, PFM analyzed how much project funds would have to decrease in order to produce a reasonable internal rate of return. We also looked at how much the rental rates would have to fluctuate in order to achieve a reasonable internal rate of return. Lastly, we looked at a combination of the two scenarios. For the sensitivity analyses, we assumed a minimum debt coverage of 1.20x and a minimum internal rate of return of 10.00%.

Sensitivity Scenario 1 - Project Costs

The project would have to be reduced by \$2,201,921 or 10.3% in order for the project to become viable without assistance. This reduces the amount to be financed from \$15,750,936 to \$14,124,332 and reduces the annual debt service payment from \$1,243,876 to \$1,115,421. It is somewhat unlikely that a reduction in project costs of this magnitude would occur at this stage in the process.

Sensitivity Scenario 2 – Rental Rates

In order for the project to be viable without public assistance, the rental rate would have to increase by more than 14.6%. This increases annual revenue from \$2,868,887 to \$2,342,694 in Year 5. PFM believes this is a large increase to rents and is unlikely to occur.

Sensitivity Scenario 3 - Combination of Project Costs and Rental Rates

The final scenario looks at both a reduction of project costs and an increase in rental rates. The analysis showed that project costs would have to be reduced by \$1,121,921 or 5.3% and rental rates would have to increase by 7.2%. Both of these options occurring is unlikely, but it is possible so it should be considered.



The above scenarios show the circumstances in which the project would become viable without public assistance. Based on the information provided PFM's analysis demonstrates that the project as currently anticipated is unlikely to occur "but-for" the public assistance.



Conclusion

The Developer will bear all the risk involved with the project. The Developer is dependent on a number of factors before and after the project is completed, including project costs, occupancy of the units, the rental market, and monthly expenses. Both the internal rate of return without assistance and the debt service coverages are low. The base scenario without assistance along with the sensitivity analyses demonstrate that the project would likely not be feasible without assistance.

PFM determines that with public assistance, based on 5 years of 100% property tax exemption followed by 10 years of 36% exemption, the Developer's internal rate of return, based on the assumptions outlined in this report, would be 9.99%. Furthermore, the Year 4 debt coverage ratio increases from 1.00x to 1.23x when assistance is provided. Based upon the information provided, the project would not be feasible "butfor" public assistance as it is currently shown by the Developer.



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RECEIVED

Application For Property Tax Incentives For **New or Expanding Businesses**

JUL 10 2019 N.D.C.C. Chapter 40-57.1

FARGO ASSESSOR

Project Operator's Application To City of Fargo

City or County

Name of project operator of new or expanding business Aldevron

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

	Address of project Lot 3, Block 1, Woodhaven Plaza Ad	uiuon
	City Fargo	County Cass
3.	Mailing address of project operator 4055 41st Ave S	
	City Fargo	State ND Zip 58104
4.	Type of ownership of project ☐ Partnership ☐ Subchapter S co ☐ Corporation ☐ Cooperative	orporation ☐ Individual proprietorship ☑ Limited liability company
5.	Federal Identification No. or Social Security No. 45-045	1327
6.	North Dakota Sales and Use Tax Permit No. 166066	
7.	If a corporation, specify the state and date of incorporation	on
8.	Name and title of individual to contact Brian Walters	
	Mailing address 4055 41st Ave S	
	City, State, Zip Fargo, ND 58104	Phone No. 701-499-7314
roje 0 9.	Indicate the tax incentives applied for and terms. Be spec	
	Indicate the tax incentives applied for and terms. Be spec Property Tax Exemption	✓ Payments In Lieu of Taxes
	Indicate the tax incentives applied for and terms. Be spec Property Tax Exemption	
	Indicate the tax incentives applied for and terms. Be spec Property Tax Exemption Number of years 20	 ✓ Payments In Lieu of Taxes Beginning year 2030 Ending year Amount of annual payments (attach schedule if payments will vary)

	Lot 3, Block 1, Woodhaven Plaza Addition, a Replat of County, North Dakota	
	Will the project property be owned or leased by the pr	roject operator?
	If the answer to 12 is leased, will the benefit of any in ☐ Yes ☐ No	centive granted accrue to the project operator?
	If the property will be leased, attach a copy of the least benefits.	se or other agreement establishing the project operator's
	Will the project be located in a new structure or an ex	isting facility? New construction Existing facility
	If existing facility, when was it constructed? 2018	
	If new construction, complete the following:	
	a. Estimated date of commencement of construction of	of the project covered by this application 08/15/2019
	manufacturing facility. The facility will be a co	size, type and quality of construction state of the art, clinical and commercial biologics ncrete tilt-up construction. The project will also current GMP production facility located at the same
	c. Projected number of construction employees during	g the project construction 100
	Approximate date of commencement of this project's	
	71pproximate date of commencement of this project s	operations Estimated Q1 of 2021
•	Estimated market value of the property used for this project:	16. Estimate taxable valuation of the property eligible
•	Estimated market value of the property used for	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by
	Estimated market value of the property used for this project: a. Land	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:
	Estimated market value of the property used for this project: a. Land\$3,000,000 b. Existing buildings and structures for which an exemption is claimed\$0 c. Newly constructed buildings	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible)
	Estimated market value of the property used for this project: a. Land	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible)
	Estimated market value of the property used for this project: a. Land	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible)
•	Estimated market value of the property used for this project: a. Land	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible)

17. Type of business to be engaged in: Ag processing Wholesaling 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). Aldevron will construct a state of the art biologics manufacturing facility to produce therapeutic products and reagents for biotechnology and pharmaceutical companies worldwide. Products to be manufactured will include plasmid DNA, mRNA and proteins for a variety of clinical and commerical applications. 19. Indicate the type of machinery and equipment that will be installed Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 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 New/Expansion New/Expansion New/Expansion New/Expansion Project only Project o
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Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 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 New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue 13,478,702 14,826,572 16,309,220 17,940,152 19,734,162
new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue 13,478,702 14,826,572 16,309,220 17,940,152 19,734,162
Year (12 mo. periods) Project only Year 1 Project only Year 2 Project only Year 3 Project only Year 3 Project only Year 4 Project only Year 5 Annual revenue 13,478,702 14,826,572 16,309,222 17,940,152 19,734,162
Annual expense 10,917,74 12,009,523 13,210,47 14,531,523 15,984,67
Net income 2,560,952 2,817,049 3,098,754 3,408,629 3,749,492
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 New Positions New Po
315 1 3 22 25 48 6
Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5
No. of Employees (1) 298 348 378 403
(2) 17
Estimated payroll (1) 17.8mm 21.2mm 23.4mm 25.4mm
Estimated payron
(1) - full time (2) - part time

Previous Business Activity

22.	Is the project operator succeeding someone else in this or a similar business?	☑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 b	usiness (attach
	additional sheets if necessary). Presently operating at 3233 15th St S, 3239 15th St S, 3301 S University, 4837 Amber V and 4055 41st Ave S in Fargo as Aldevron. Tax exemption for 4055 41st Ave S received	alley Parkway I in 2016.
Busine	ess Competition	
25.	Is any similar business being conducted by other operators in the municipality?	☑ No
	If YES, give name and location of competing business or businesses	
	Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition	on %
Proper	ty Tax Liability Disclosure Statement	
26.	Does the project operator own real property in North Dakota which has delinquent property tax leagainst it? Yes I No	evied
27.	Does the project operator own a greater than 50% interest in a business that has delinquent proper against any of its North Dakota real property? Yes No	rty tax levied
	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	nal application
	☐ To request continuation of the present property tax incentives because the project has:	1
	moved to a new location	
	 □ had a change in project operation or additional capital investment of more than to □ had a change in project operators 	venty percent
	To request an additional annual exemption for the year of on structures owned by a gentity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)	overnmental
Notice	to Competitors of Hearing	
lication	the hearing, the applicant must present to the governing body of the county or city a copy of the giving notice to competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors.	affidavit of pub- etitors.
informa	Walters , do hereby certify that the answers to the above question contained in this application, including attachments hereto, are true and correct to the best of ief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.	f my knowledge
	<u>CBO</u>	6/10/09
	Signature Title	Date

Aldevron 2019	
Parcel Number	01-7910-00303-000
Address	4055 41 Ave S
Date Application Received	7/10/2019
1st Publication Date	7/15/2019
2nd Publication Date	7/22/2019
TRC Meeting Date	7/23/2019
Commission Hearing Date	8/12/2019
Notice Delivery To School/Co	7/16/2019
School/County 30-Day Respo	8/15/2019
Exemption Type	PILOT
Estimated Improvements Valu	\$43,000,000
Building Value to Remain Tax	\$0
Estimated Land Value	\$3,000,000
County Share of Levy (%)	17.3%
Anticipated Tax Growth	0.0%
Current Mill Levy	288.6
Number of Years Granted	10
Discount Rate (for Present Va	4.50%
Total Gross Estimated Benefit	\$4,653,675
Present Value of Benefit	\$3,157,900

_		_			_	_												_
uilding T	TOTALS							2031	2030	2029	2028	2027	2026	2025	2024	2023	2022	Year
Building Tay To Rem								50%	50%	50%	50%	50%	100%	100%	100%	100%	100%	% Bd Ex
\$0	\$1,551,225							\$310,245	\$310,245	\$310,245	\$310,245	\$310,245	\$0	\$0	\$0	\$0	\$0	PILOT Pymt
\$0 Current I and Tay	\$6,204,900							\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	Full Bldg Tax
\$43 200	\$4,653,675							\$310,245	\$310,245	\$310,245	\$310,245	\$310,245	\$620,490	\$620,490	\$620,490	\$620,490	\$620,490	Benefit
	\$3,816,900							\$199,800	\$208,800	\$218,200	\$228,000	\$238,200	\$497,900	\$520,300	\$543,700	\$568,200	\$593,800	PV of Benefit
	\$1,594,515							\$353,535	\$353,535	\$353,535	\$353,535	\$353,535	\$43,290	\$43,290	\$43,290	\$43,290	\$43,290	Benefit PV of Benefit PILOT & Land Tax

\$407,189	\$256,720	\$620,619	\$107,285	\$53,654	\$53,631
\$407,189	\$256,720	\$620,619	\$107,285	\$53,654	\$53,631
\$407,189	\$256,720	\$620,619	\$107,285	\$53,654	\$53,631
\$407,189	\$256,720	\$620,619	\$107,285	\$53,654	\$53,631
\$407,189	\$256,720	\$620,619	\$107,285	\$53,654	\$53,631
\$150,575	\$513,334	\$620,619	\$107,285	\$107,285	\$0
\$150,575	\$513,334	\$620,619	\$107,285	\$107,285	\$0
\$150,575	\$513,334	\$620,619	\$107,285	\$107,285	\$0
\$150,575	\$513,334	\$620,619	\$107,285	\$107,285	\$0
\$150,575	\$513,334	\$620,619	\$107,285	\$107,285	\$0
Benefit PILOT & Tax	Benefit	ull Impr Net Tax	County % PLT County Addl PILQ Co Share Impr TaFull Impr Net Tax	County Addl PILC	County % PLT

			CALCULATION	CALCULATION OF ADDITIONAL TAX DUE TO COUNTY	AX DUE	TO COUNTY	
Land Value	Land Value Improvent Value	Year	Mill Levy	CO Levy	%	Full Impr Net Tax o Share Impr Tax	Share Impr Tax
\$3,000,000	\$43,000,000	2022	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2023	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2024	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2025	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2026	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2027	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2028	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2029	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2030	288.66	49.90	17.3%	\$620,619	\$107,285
\$3,000,000	\$43,000,000	2031	288.66	49.90	17.3%	\$620,619	\$107,285





Application For Property Tax Incentives For New or Expanding Businesses

RECEIVED

JUL 8 2019

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

Project Operator's Application To Fargo

City or County

FARGO ASSESSOR
BY EMAIL FROM JIM GILBOUR

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 ex	panding business Tzadik Sig	oux Falls Portfolio III, LLC								
2.	Address of project 1222 4th Ave N										
ĺ	City Fargo County Cass										
3.	Mailing address of project operator 11098 Biscayne Boulevard, Suite 203										
	City _	Miami	State FL Zip 33161								
4.		Subchapter S corporation Cooperative	☐ Individual proprietorship ☑ Limited liability company								
5.	Federal Identification No. or Social Security No.										
6.	North Dakota Sales and Use Tax Permit No. N/A										
7.	If a corporation, specify the state and date of incorporation DE, 3/12/2019										
8.	Name and title of individual to contact YueLing Lee, General Cousnel										
	Mailing address 11098 Biscayne Boulevard, Suite 203										
	City, State, Zip Miami, FL 33161		Phone No. (813)957-2394								
Project Operator's Application For Tax Incentives											
9.	Indicate the tax incentives applied for a	and terms. Be specific.									
	☐ Property Tax Exemption	Z	Payments In Lieu of Taxes								
	Number of years	2018	Beginning year 2038 Ending year								
	Percent of exemption		Amount of annual payments (attach schedule if payments will vary)								
10.	Which of the following would better de	escribe the project for which	n this application is being made:								
	New business project	<u></u>	Expansion of a existing business project								

Description of Project Property

11.	Legal description of project real property										
	PIN 01-2382-04450-000										
	Block 45, Roberts 2nd Addition										
12.	Deased										
	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.	Existing facility? New construction Existing facility										
	If existing facility, when was it constructed? 2017										
	If new construction, complete the following:										
	a. Estimated date of commencement of construction of the project covered by this application _July 2017										
	b. Description of project to be constructed including size, type and quality of construction Recently constructed (2017) apartment building adjacent to the original Woodrow Wilson school.										
	- Coulon Whoth School										
c. Projected number of construction employees during the project construction n/a - already constructed											
14. Approximate date of commencement of this project's operations July 2017											
15.	Estimated market value of the property used <u>for</u> this project:	Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:									
	a. Land\$_737,360	a. Land (not eligible)									
	b. Existing buildings and	b. Eligible existing buildings and									
	structures for which an exemption is claimed\$	structures\$ 0									
	c. Newly constructed buildings	c. Newly constructed buildings									
	and structures when	and structures when									
	completed\$ 9,125,298	completed\$ 456,265									
		d. Total taxable valuation of property eligible for exemption									
	d. Total\$ 9,862,658	(Add lines b and c)\$ 456,265									
	o Maskin and 1	e. Enter the consolidated mill rate									
	e. Machinery and equipment\$ 378,000	for the appropriate taxing									
		district									
		f. Annual amount of the tax									
		exemption (Line d multiplied by line e)\$ 130,661.58									
		,									

Description of Project Business

inc	ite: "project" mean clude any establishe	s a newly establis d part of an exis	shed busi ting busi	ness or the expa ness.	nsion portion o	f an existing bus	iness. Do not
17.	Type of business to	be engaged in:	_	processing plesaling	☐ Manu ☐ Warel	facturing [Retailing Services
18.	be manufactured, p	nounced, assemb	ied or stor	red (attach additi	onal sheets if ne	ing a description	of any products to
	Leasing of residentil p	artments and comm	nercial spac	ce; completion of p	parking lot		
19.	Indicate the type of	fmachinery and e	quipment	that will be insta	alled		
20.	For the project only new business or the	, indicate the project expansion itself	jected ann for each y	ual revenue, exp	ense, and net incited exemption.	come (before tax)	from either the
	Year (12 mo. perioa	New/Expansion Project only May Year 1			ew/Expansion Project only <u>Year 3</u>	New/Expansion Project only <u>Year 4</u>	New/Expansion Project only <u>Year 5</u>
	Annual revenue	714,600	76	9,200	784,600	800,200	816,200
	Annual expense	188,200	_19	1,900	195,800	199,800	203,700
	Net income	526,400	57	7,300	588,800	600,500	612,500
	Projected number and				roject for the firs	t five years:	
	rent positions & pos						
			Positions 1-\$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					
	No. of Employees	(i) n/a	2 <u>Ye</u>	<u>ear I</u> <u>Yea</u>	<u>r 2 </u>	<u>3 Year 4</u>	<u>Year 5</u>
		(2)	-				
ì	Estimated payroll	(I) n/a					
		(2)					-a a
1) - full 2) - par			- No.				-

Previous Bu	siness A	ctivity
-------------	----------	---------

22.	Is the project operator succeeding someone	else in this or a similar business?	☑ Yes □ No
23.			
	☐ Yes	•	or suitate of the state.
24.	Has the project operator or any officers of the	ne project received any prior property tax	incentives? ☐ Yes ☑ No
	If the answer to 22, 23, or 24 is yes, give de	tails including locations, dates, and name	of former husiness (attach
	additional sheets if necessary).	, and a sum of	or former business (attach
	#22 This is a transfer of an existing PILOT	from DFI Woodrow Wilson LLC	
<u></u>			
	ess Competition		
25.	Is any similar business being conducted by		☑ Yes □ No
	If YES, give name and location of competin		
	Residential apartments and leased commerce	ial space in the metro area	
	Percentage of Gross Revenue Received Wh	ere Underlying Business Has ANY Local	Competition 100 %
Proper	ty Tax Liability Disclosure Statement		
26.	Does the project operator own real property against it? ☐ Yes ☑ No	in North Dakota which has delinquent pro	perty tax levied
27,	Does the project operator own a greater than against any of its North Dakota real property	? ☐ Yes ☑ No	uent property tax levied
	If the answer to 26 or 27 is Yes, list and expl	ain	
	Only When Reapplying		
28.	The project operator is reapplying for proper	ty tax incentives for the following reason(s):
	To present additional facts or circumstant	ces which were not presented at the time of	of the original application
	To request continuation of the present pro	operty tax incentives because the project h	ias:
	moved to a new location	ation on addition to the second	
	had a change in project opera	ation or additional capital investment of m	ore than twenty percent
		n for the year of on structures own	nod by a community
	entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)	ned by a governmental
Notice	to Competitors of Hearing		
Prior to	the hearing, the applicant must present to the giving notice to competitors unless the munic	e governing body of the county or city a copie governing body of the county or city a copie government there are	opy of the affidavit of pubeno competitors.
, Adan	1 Hendry	O hereby certify that the analysis to the ab	
nforma and beli	tion contained in this application, including a sef and that no relevant fact pertaining to the contained in this application.	Machments hereto are true and compact to	4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
(lan U Hox	Manager	7/8/2019
	Signature	Title	Date

<u>Value</u>	\$	3,115,000.00	\$	6,499,000.00	\$ 9,614,000.00
<u>Taxes</u>	\$	43,610.000	\$	90,986.000	\$ 134,596.00
					,
<u>Year</u>		Existing Building		New Building	TOTAL
1	\$	(t =)(\$	4	\$ -
2	\$				\$ j.
3	\$		\$ \$		\$ 120
4	\$	·*	\$	÷.	\$
5	\$ \$ \$ \$		\$		\$ 940
6	\$	9 .5 5	\$	-	\$ 120
7	\$ \$	5 € 30	\$	Ě	\$
8		¥(\$	₩.	\$ 5400
9	\$		\$		\$
10	\$	*	\$	•	\$ (*)
11	\$ \$	4,361.00	\$	9,098.60	\$ 13,459.60
12	\$	4,361.00	\$	9,098.60	\$ 13,459.60
13	\$	4,361.00	\$	9,098.60	\$ 13,459.60
14	\$	4,361.00	\$	9,098.60	\$ 13,459.60
15	\$	4,361.00	\$	9,098.60	\$ 13,459.60
16	\$	4,361.00	\$	9,098.60	\$ 13,459.60
17	\$	6,541.50	\$	16,377.48	\$ 22,918.98
18	\$	9,594.20	\$	24,566.22	\$ 34,160.42
19	\$	13,083.00	\$	31,845.10	\$ 44,928.10
20	\$	16,135.70	\$	38,214.12	\$ 54,349.82
21	\$	43,610.00	\$	90,986.00	\$ 134,596.00
22	\$	43,610.00	\$	90,986.00	\$ 134,596.00
23	\$	43,610.00	\$	90,986.00	\$ 134,596.00
24	\$	43,610.00	\$	90,986.00	\$ 134,596.00
25	\$	43,610.00	\$	90,986.00	\$ 134,596.00

RECEIVED

Application For Property Tax Incentives For New or Expanding Businesses

JUL 8 2019

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

Project Operator's Application To Fargo

City or County

FARGO ASSESSOR BY EMAIL FROM JIM GILMOUR

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 of	or expanding business Tzadik Sioux Falls Portfolio III, LLC									
2.	. Address of project 315 University Dr N										
	City Fargo	County Cass									
3.	Mailing address of project operator	r 11098 Biscayne Boulevard, Suite 203									
	C	ity Miami State FL Zip 33161									
4.	Type of ownership of project ☐ Partnership ☐ Corporation	 ☐ Subchapter S corporation ☐ Cooperative ☐ Individual proprietorship ☑ Limited liability company 									
5.	Federal Identification No. or Social Security No.										
6.	North Dakota Sales and Use Tax Permit No. N/A										
7.	If a corporation, specify the state and date of incorporation DE, 3/12/2019										
8.	Name and title of individual to contact YueLing Lee, General Cousnel										
	Mailing address _11098 Biscayne Boulevard, Suite 203										
	City, State, Zip Miami, FL 33161	Phone No. (813)957-2394									
Project Operator's Application For Tax Incentives											
	permitted by phemeton For 142										
9.	Indicate the tax incentives applied										
9.		for and terms. Be specific.									
9.	Indicate the tax incentives applied	for and terms. Be specific.									
9.	Indicate the tax incentives applied Property Tax Exemptio	for and terms. Be specific. Payments In Lieu of Taxes									
9.	Indicate the tax incentives applied Property Tax Exemption Number of years Percent of exemption	for and terms. Be specific. Payments In Lieu of Taxes 2018 Beginning year 2038 Ending year Amount of annual payments (attach schedule									

Description of Project Property

11. Legal description of project real property									
PIN 01-2382-04450-000									
Block 45, Roberts 2nd Addition									
Will the project property be owned or leased by the	a project organical								
If the answer to 12 is leased, will the benefit of any ☐ Yes ☐ No									
If the property will be leased, attach a copy of the benefits.	lease or other agreement establishing the project operator's								
3. Will the project be located in a new structure or an	existing facility? ☐ New construction ☑ Existing facility								
If existing facility, when was it constructed? 1917									
If new construction, complete the following:									
a. Estimated date of commencement of construction of the project covered by this application July 2017									
b. Description of project to be constructed including size, type and quality of construction Renovation of existing Woodrow Wilson building into residential apartments									
c. Projected number of construction employees dur	ing the project of the state of								
c. Projected number of construction employees during the project construction n/a - already constructed 14. Approximate date of commencement of this project's operationsJuly 2017									
Approximate date of commencement of this project	's operations July 2017								
	IC Fed and III at all and III								
 Estimated market value of the property used <u>for</u> <u>this project</u>: 	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:								
a. Land\$ 480,760	a. Land (not eligible)								
 Existing buildings and structures for which an exemp- 	b. Eligible existing buildings and structures\$ 244,998								
tion is claimed\$ 4,899,963									
c. Newly constructed buildings	c. Newly constructed buildings and structures when								
and structures when completed\$	completed\$								
	d. Total taxable valuation of								
d. Total\$ 5,380,723	property eligible for exemption								
Ψ 3,200,723	(Add lines b and c)\$ 244,998								
e. Machinery and equipment \$ 150,000	e. Enter the consolidated mill rate								
	for the appropriate taxing district								
	f. Annual amount of the tax								
	exemption (Line d multiplied by line e)\$ 70,160.13								
	oy rine e)								

Description of Project Business

Not incl	te: "project" mea lude any establish	ns a newly of a	establishe an existin	ed busin g busin	ness or the expa	nsion portion o	f an existing bus	siness. Do not
17.	Type of business	to be engag			rocessing lesaling		ifacturing [☐ Retailing ☐ Services
18.	oe manuractured	, produced, a	assembled	or stor	ed (attach additi	onal sheets if ne	ling a description cessary).	of any products to
-	easing of residentia	al apartments	and comm	ercial sp	ace; completion o	of parking lot		
19.	Indicate the type	of machiner	y and equ	ipment	that will be insta	alled		
20.	For the project or new business or t	nly, indicate he expansion	the project	cted ann r each y	ual revenue, expear of the reques	pense, and net inc sted exemption.	come (before tax)) from either the
	Year (12 mo. peri	Proje	xpansion ct only car 1	Pro		ew/Expansion Project only <u>Year 3</u>	New/Expansion Project only Year 4	New/Expansion Project only <u>Year 5</u>
	Annual revenue	388,6	500	39	6,400	404,400	412,500	420,800
	Annual expense	94,00	00	95	900	97,800	99,800	101,800
	Net income	274,6		-	0,500	306,600	312,700	319,000
	rojected number arent positions & po					roject for the firs	st five years:	
# (Current Nev	w Positions ider \$13.00	New Pos \$13.01-	sitions	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
1	Year No. of Employees	(Before	project)	<u>Ye</u>	ar <u>1</u> Yea	a <u>r 2</u> <u>Year</u>	<u>Year 4</u>	Year 5
		(2)		_				
(1) - full (2) - par		(1) <u>n/a</u>		_	_			

Previous	Business	Activity
	TANDITE COS	ACHVIIV

22.	22. Is the project operator succeeding someone else in this or a similar business?	
23.	23. Has the project operator conducted this business at this or any other location either in or outside	s □No
	☐ Yes ☐ No	of the state?
24.	24. Has the project operator or any officers of the project received any prior property tax incentives	? □ Yes 🔽 N
	If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former	husings (attack
	additional sheets if necessary).	ousmess (attach
	#22 This is a transfer of an existing PILOT from DFI Woodrow Wilson LLC	
	siness Competition	
25.	25. Is any similar business being conducted by other operators in the municipality?	B □ No
	If YES, give name and location of competing business or businesses	
	Residential apartments and leased commercial space in the metro area	
	Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competiti	on 100 %
roper	perty Tax Liability Disclosure Statement	
26,	6. Does the project operator own real property in North Dakota which has delinquent property tax I against it? ☐ Yes ☑ No	evied
27.	7. Does the project operator own a greater than 50% interest in a business that has delinquent prope against any of its North Dakota real property? ☐ Yes ☑ No	erty tax levied
	If the answer to 26 or 27 is Yes, list and explain	
Use	se Only When Reapplying	
	To proceed a different a first transfer in the following reason(s):	
	To present additional facts or circumstances which were not presented at the time of the original	mal and the
	☐ To present additional facts or circumstances which were not presented at the time of the origing and the continuation of the present property tax incentives because the project has:	nal application
	moved to a new location	
	 □ moved to a new location □ had a change in project operation or additional capital investment of more than two 	
	 □ moved to a new location □ had a change in project operation or additional capital investment of more than tw □ had a change in project operators 	venty percent
	 □ moved to a new location □ had a change in project operation or additional capital investment of more than two 	venty percent
		venty percent overnmental
rior to	moved to a new location had a change in project operation or additional capital investment of more than to had a change in project operators To request an additional annual exemption for the year of on structures owned by a goentity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) To the hearing, the applicant must present to the governing body of the second	venty percent overnmental
rior to ation Adam	moved to a new location had a change in project operation or additional capital investment of more than to had a change in project operators To request an additional annual exemption for the year of on structures owned by a goentity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) To the hearing to the hearing of the applicant must present to the governing body of the county or city a copy of the on giving notice to competitors unless the municipality has otherwise determined there are no competitors and hearing the applicant must present to the governing body of the county or city a copy of the on giving notice to competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitions.	venty percent overnmental affidavit of pub-
rior to ation Adam ormat	moved to a new location had a change in project operation or additional capital investment of more than to had a change in project operators To request an additional annual exemption for the year of on structures owned by a go entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) To the hearing the applicant must present to the governing body of the county or city a copy of the on giving notice to competitors unless the municipality has otherwise determined there are no competitor mation contained in this application, including attachments hereto, are true and correct to the best of elief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.	venty percent overnmental affidavit of pubetitors. ons and all of the
rior to ation Adam ormat d belie	moved to a new location had a change in project operation or additional capital investment of more than to had a change in project operators To request an additional annual exemption for the year of on structures owned by a goentity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) To the hearing to the hearing of the applicant must present to the governing body of the county or city a copy of the on giving notice to competitors unless the municipality has otherwise determined there are no competitors and hearing the applicant must present to the governing body of the county or city a copy of the on giving notice to competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitions.	venty percent overnmental affidavit of pubetitors.

<u>Value</u>	\$	3,115,000.00	\$	6,499,000.00	\$	9,614,000.00
<u>Taxes</u>	\$	43,610.000	\$	90,986.000	\$	134,596.00
					•	
<u>Year</u>		Existing Building		New Building		TOTAL
1	\$	•	\$	8.28	\$	
2	\$		\$	(*	\$	•
3	\$ \$ \$		\$ \$		\$	
4	\$	£	\$:•	\$	2
5	\$		\$	146	\$	
6	\$	7₩	\$		\$	
7	\$ \$		\$	3€6	\$	2
8	\$	S#8	\$	(2)	\$	
9	\$	820	\$ \$	9	\$	-
10	\$ \$ \$	•	\$		\$	
11	\$	4,361.00	\$	9,098.60	\$	13,459.60
12	\$	4,361.00	\$	9,098.60	\$	13,459.60
13	\$	4,361.00	\$	9,098.60	\$	13,459.60
14	\$	4,361.00	\$	9,098.60	\$	13,459.60
15	\$	4,361.00	\$	9,098.60	\$	13,459.60
16	\$	4,361.00	\$	9,098.60	\$	13,459.60
17	\$	6,541.50	\$	16,377.48	\$	22,918.98
18	\$	9,594.20	\$	24,566.22	\$	34,160.42
19	\$	13,083.00	\$	31,845.10	\$	44,928.10
20	\$	16,135.70	\$	38,214.12	\$	54,349.82
21	\$	43,610.00	\$	90,986.00	\$	134,596.00
22	\$	43,610.00	\$	90,986.00	\$	134,596.00
23	\$	43,610.00	\$	90,986.00	\$	134,596.00
24	\$	43,610.00	\$	90,986.00	\$	134,596.00
25	\$	43,610.00	\$	90,986.00	\$	134,596.00

June 28, 2019

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

Dear Mr. Gilmour:

Block 9 Partners, LLC has established new entities which will ultimately own the different units (retail, hotel, office, etc.) located in the overall project. In preparation for the eventual transfer of ownership from Block 9 Partners, LLC to these new entities we are requesting the transfer of the PILOT incentive originally approved by the City Commission on March 23, 2016.

Block 9 SOR, LLC will be the new entity owning the spec office portion of the project. We are 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 application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 SOR, LLC the new operator of the spec office portion of this project.

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

Sincerely,

Bill Nielsen Director of Tax

R.D. Offutt Company



Application For Property Tax Incentives For New or Expanding Businesses

RECEIVED

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

Project Operator's Application To City of Fargo City or County JUL 15 2019

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

County Cass

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

Name of project operator of new or expanding business Block 9 SRO, LLC

Identification Of Project Operator

Address of project 215 Broadway N

City Fargo

	Mailing address of project operator $\underline{2}$		
	City _	Fargo	State ND Zip 58102
4.	Type of ownership of project ☐ Partnership ☐ Corporation ☐	☐ Subchapter S corporation☐ Cooperative	☐ Individual proprietorship ☑ Limited liability company
5.	Federal Identification No. or Social Se	curity No. <u>83-1708716</u>	
6.	North Dakota Sales and Use Tax Perm	it Non/a	
7.	If a corporation, specify the state and o	date of incorporation	
8.	Name and title of individual to contact	Bill Nielsen - Director of Tax	
	Mailing address P.O. Box 7160		
	Mailing address P.O. Box 7160 City, State, Zip Fargo, ND 58106-7160		Phone No701-551-5422
ojec 9.		entives	Phone No701-551-5422
	City, State, Zip Fargo, ND 58106-7160	entives and terms. Be specific.	Phone No. 701-551-5422 Syments In Lieu of Taxes
	City, State, Zip Fargo, ND 58106-7160 et Operator's Application For Tax Incommendation for	entives and terms. Be specific.	
	City, State, Zip Fargo, ND 58106-7160 Ct Operator's Application For Tax Incompleted Indicate the tax incentives applied for Property Tax Exemption	entives and terms. Be specific. Pa 2022 Be Ar	nyments In Lieu of Taxes
9.	City, State, Zip Fargo, ND 58106-7160 Ct Operator's Application For Tax Incompleted Indicate the tax incentives applied for Property Tax Exemption Number of years	entives and terms. Be specific. Pa 2022 Be Ar if	nyments In Lieu of Taxes eginning year 2042 Ending year mount of annual payments (attach schedule payments will vary)

11.	11. Legal description of project real property								
	Lots 14-21, Block 9, Keeney & Devitts 1st Addition								
12.	2. 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 exi	sting 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 o	f the project covered by this application Fall 2018							
	b. Description of project to be constructed including s Speculative Office Space within Block 9 Project	ize, type and quality of construction							
	Overall Project: Hotel 47.320 SF (125 keys): Amer	nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF							
1.4	c. Projected number of construction employees during								
14. ====	Approximate date of commencement of this project's of	operations Fall 2020							
15.	Estimated market value of the property used <u>for</u> this project:	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:							
	a. Land\$ 675,000	a. Land (not eligible)							
	b. Existing buildings and structures for which an exemption is claimed\$	b. Eligible existing buildings and structures\$							
	c. Newly constructed buildings and structures when	c. Newly constructed buildings and structures when completed\$ 39,500,000							
	d. Total \$\\ \\$ \\ \\$ \\ \ \ \ \ \ \ \ \ \ \ \	d. Total taxable valuation of property eligible for exemption (Add lines b and c)\$ 39,500,000							
	e. Machinery and equipment\$	e. Enter the consolidated mill rate for the appropriate taxing district							
		f. Annual amount of the tax exemption (Line d multiplied by line e)							

No inc	te: "project" means lude any established	a newly establi part of an exis	shed busin ting busin	ess or the expa ess.	nsion port	ion of an	existing busi	ness. Do not	
17.	Type of business to	be engaged in:	☐ Ag pr	ocessing		Manufact	uring 🖂	Retailing	
			☐ Whol	esaling		Warehous		Services	
18.	Describe in detail the be manufactured, pro	ne activities to b	e engaged i oled or store	in by the projec ed (attach additi	t operator, i onal sheets	ncluding if necess	a description (ary).	of any products to	
	Speculative Office Spa-								
	Overall project - Corporate headquarters for R.D. Offutt Company and RDO Equiptment Co., hotel with 125 rooms, 27,000 SF ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and								
	redesign the existing pl				nso construc	TION SEVEN	condos, a park	mig garage, and	
19.	Indicate the type of	machinery and	equipment :	that will be inst	alled				
4.									
20.	For the project only, new business or the						e (before tax)	from either the	
	Year (12 mo. period	New/Expans Project onl (s) Year 1	y Pro	/Expansion Noject only Year 2	lew/Expans Project on Year 3		w/Expansion Project only Year 4	New/Expansion Project only Year 5	
	Annual revenue	see PFM	<u>"bı</u>	ut for"	report			-	
	Annual expense		-			_			
	Net income					_	-		
21.	Projected number and	d salary of perso	ons to be em	nployed by the	project for	the first fi	ve years:		
Cu	rrent positions & posi	itions added the	initial vear	of project			·		
#	Current New I		v Positions	New Positions	New Pos	itions N	lew Positions	New Positions	
F	Positions Unde	er \$13.00 \$13	.01-\$15.00	\$15.01-\$20.00	\$20.01-\$	28.00 \$	28.01-\$35.00	Over \$35.00	
	Year	(Before proje	ct) Ye	ear 1 Ye	ear 2	Year 3	Year 4	Year 5	
	No. of Employees	(1)	-					=	
		(2)							
	Estimated payroll	(1)							
		(2)					· ·		
	all time art time								

	Previous	Business	Activity
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22.	Is the project operator succeeding someone else	in this or a similar business?	☐ Yes
23.	Has the project operator conducted this business	at this or any other location either	_
		ŕ	
24.	Has the project operator or any officers of the pro-	oject received any prior property ta	ax incentives?
	If the answer to 22, 23, or 24 is yes, give details	including locations, dates, and nan	ne of former business (attach
	additional sheets if necessary).		·
	Renaissance Zone - R.D. Offutt Company 2003	- 2008; Fort Noks, Inc. 2005 - 2010	0; Christi Offutt 2005 - 2010;
	McGovern 2013 - 2014;		
Busine	ess Competition		
25.	Is any similar business being conducted by other	operators in the municipality?	☐ Yes ☐ No
	If YES, give name and location of competing bu	siness or businesses	
	1		e
	Percentage of Gross Revenue Received Where I	Inderlying Business Has ANY Loc	cal Competition
Proper	ty Tax Liability Disclosure Statement		
26.	Does the project operator own real property in N against it? ☐ Yes ☑ No	orth Dakota which has delinquent	property tax levied
27.	Does the project operator own a greater than 50% against any of its North Dakota real property?	6 interest in a business that has del ☐ Yes ☑ No	inquent property tax levied
	If the answer to 26 or 27 is Yes, list and explain		
Use	Only When Reapplying		
28.	The project operator is reapplying for property ta		``'
	To present additional facts or circumstances		·
	☐ To request continuation of the present proper	ty tax incentives because the proje	ct has:
	moved to a new location		_
		or additional capital investment o	f more than twenty percent
	had a change in project operators		oumed by a payment to
	☐ To request an additional annual exemption fo entity and leased to the project operator. (See	N.D.C.C. § 40-57.1-04.1)	owned by a governmental
Notice	to Competitors of Hearing		
Prior to lication	o the hearing, the applicant must present to the go giving notice to competitors unless the municipa	verning body of the county or city lity has otherwise determined there	a copy of the affidavit of pub-
Ι,	. do he	ereby certify that the answers to the	above questions and all of the
informa	ation contained in this application, including attaction and that no relevant fact pertaining to the owner.	hments hereto, are true and correct	t to the best of my knowledge
-	Signature	Title	Date

Value \$41,175,000

Taxes \$626,707

<u>Year</u>	Payment Sch	edule
1	\$	
2	\$	-
3	\$.
4	\$.=.
5	\$:5:
6	\$	
7	\$	
8	\$:50
9	\$:=:
10	\$	
11	\$	**
12	\$	<u>(</u> €)
13	\$	
14	\$	140
15	\$	
16	\$	(-)
17	\$::::
18	\$	3.5
19	\$	•
20	\$	-

June 28, 2019

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

Dear Mr. Gilmour:

Block 9 Partners, LLC has established new entities which will ultimately own the different units (retail, hotel, office, etc.) located in the overall project. In preparation for the eventual transfer of ownership from Block 9 Partners, LLC to these new entities we are requesting the transfer of the PILOT incentive originally approved by the City Commission on March 23, 2016.

Block 9 RDO, LLC will be the new entity owning the office portion of the project. We are 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 application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 RDO, LLC the new operator of the office portion of this project.

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

Sincerely,

Bill Nielsen

Director of Tax

R.D. Offutt Company



Application For Property Tax Incentives For New or Expanding Businesses

JUL 15 2019

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

Project Operator's Application To City of Fargo

City or County

FARGO ASSESSOR

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

Name of project operator of new or expanding business Block 9 RDO, LLC

Identification Of Project Operator

2.	Address of project 215 Broadway N
	City Fargo County Cass
3.	Mailing address of project operator 210 Broadway, Suite 300
	City Fargo State ND Zip 58102
4.	Type of ownership of project ☐ Partnership ☐ Subchapter S corporation ☐ Individual proprietorship ☐ Corporation ☐ Cooperative ☑ Limited liability company
5.	Federal Identification No. or Social Security No. 83-1693855
6.	North Dakota Sales and Use Tax Permit No. n/a
7.	If a corporation, specify the state and date of incorporation
8.	Name and title of individual to contact Bill Nielsen - Director of Tax
	Mailing address P.O. Box 7160
	City, State, Zip Fargo, ND 58106-7160 Phone No. 701-551-5422
Projec	Operator's Application For Tax Incentives
9.	Indicate the tax incentives applied for and terms. Be specific.
	☐ Property Tax Exemption
	Number of years <u>2022</u> Beginning year <u>2042</u> 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
	-1-

11.								
	Lots 14-21, Block 9, Keeney & Devitts 1st Addition							
12.	2. 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.	3. 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	of the project covered by this application Fall 2018						
	b. Description of project to be constructed including size, type and quality of construction Corporate headquarters for R.D. Offutt Company and RDO Equiptment Co.							
	Overall Project: Hotel 47,320 SF (125 keys); Ame	nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF						
	c. Projected number of construction employees during							
1.4								
14.	Approximate date of commencement of this project's	operations Fail 2020						
15.	Estimated market value of the property used <u>for</u> this project:	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:						
	a. Land\$ 675,000	a. Land (not eligible)						
	b. Existing buildings and structures for which an exemption is claimed	b. Eligible existing buildings and structures\$						
		c. Newly constructed buildings						
	c. Newly constructed buildings and structures when	and structures when completed\$ 39,500,000						
	completed \$ 39,500,000	d. Total taxable valuation of						
	d. Total\$ 40,175,000	property eligible for exemption (Add lines b and c)\$\frac{39,500,000}{}						
	e. Machinery and equipment\$	e. Enter the consolidated mill rate for the appropriate taxing district						
		f. Annual amount of the tax exemption (Line d multiplied by line e)						

17. Type of business to be engaged in:	Note: "project" means a newly establi include any established part of an exis			sion portion of a	an existing busi	ness. Do not				
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). **Corporate headquarters for R.D. Offint Company and RDO Equiptment Co.** Overall project - Corporate headquarters for R.D. Offint Company and RDO Equiptment Co.**, hotel with 125 rooms, 27,000 Sir ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 19. Indicate the type of machinery and equipment that will be installed **New/Expansion** New/Expansion** New/Expansion** New/Expansion New/Expansion** New/Exp	17. Type of business to be engaged in:		_		-	•				
be manufactured, produced, assembled or stored (attach additional sheets if necessary). Capacate headquarters for R.D. Offitut Company and RDO Equiptment Co. Overall project - Corporate headquarters for R.D. Offitut Company and RDO Equiptment Co., hotel with 125 rooms, 27,000 St ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redestign the existing plaza into a year round public gathering space. 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 New/Expansion New/Expansion New/Expansion Project only Year (12 mo, periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report 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 New Positions New Positions		□ wnoie	sanng	∐ wareno	ousing 🔽	Services				
Overall project - Corporate headquarters for R.D. Offutt Company and RDO Equiptment Co., hotel with 125 rooms, 27,000 SF ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 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 New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report 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 New Positions New Positions New Positions New Positions New Positions Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) Estimated payroll (2) Estimated payroll (3)						of any products to				
SF ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 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 New/Expansion New/Expansion New/Expansion Project only Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report			The state of the s							
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 New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Year 2 Year 3 Year 4 Year 5										
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 New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Year 2 Year 3 Year 4 Year 5				o construction sev	ven condos, a park	mg garage, and				
new business or the expansion itself for each year of the requested exemption. New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5	19. Indicate the type of machinery and	equipment the	hat will be instal	led						
new business or the expansion itself for each year of the requested exemption. New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5										
Project only Year 1 Project only Year 3 Project only Year 5 Annual revenue see PFM "but for" report 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 New Positions New Positions New Positions New Positions Value 15.01-\$20.00 \$20.01-\$28.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) Estimated payroll (1) (2) (1) - full time					ome (before tax)	from either the				
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 New Positions New Positions New Positions New Positions New Positions Over \$35.00 Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 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	Project on	ly Pro	ject only F	roject only	Project only	Project only				
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 New Positions New Positions New Positions New Positions New Positions New Positions Section S	Amidal revenue	"bu	it for"	report	-	-				
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 New Positions New Positions New Positions New Positions New Positions New Positions Over \$35.00 Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) (2) Estimated payroll (1) (2) (2) (2) (1) - full time	Annual expense	2 2				-				
Current positions & positions added the initial year of project # Current New Positions New Positions New Positions Standard Sta	Net income				V					
# Current Positions Under \$13.00 New Positions Variety New Positions Varie	21. Projected number and salary of pers	ons to be em	ployed by the pr	oject for the firs	t five years:					
# Current Positions Under \$13.00 New Positions Variety New Positions Varie	Current positions & positions added the	e initial vear	of project	-						
Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) (2) (2) (2) (3) (4) (5) (6) (7) (8) (1) (2) (3) (4) (5) (6) (7) (8) (1) (1) (1) (1) (2) (1) (2) (3) (4) (5) (6) (7) (8) (8) (8) (1) (1) (2) (3) (4) (5) (6) (7) (8) (8) (8) (8) (8) (8) (8) (8) (8) (8) (9)				New Positions	New Positions	New Positions				
No. of Employees (1) (2) Estimated payroll (1) (2) (1) - full time						Over \$35.00				
No. of Employees (1) (2) Estimated payroll (1) (2) (1) - full time										
Estimated payroll (1)	Year (Before proje	ect) <u>Ye</u>	ar l Yea	r 2 Year	3 Year 4	Year 5				
Estimated payroll (1)	No. of Employees (1)									
(2)	(2)									
(1) - full time	Estimated payroll (1)	-								
	(1) - full time	_								

Previous	Business	Activity

22.	22. Is the project operator succeeding someone else in this or a similar	business?	☐ Yes	∠ No
23.	23. Has the project operator conducted this business at this or any other	location either in o	or outside of th	e state?
	☑ Yes □ No			
24.	24. Has the project operator or any officers of the project received any	prior property tax in	centives? 🔽	Yes □ No
	If the answer to 22, 23, or 24 is yes, give details including locations	, dates, and name o	f former busin	ess (attach
	additional sheets if necessary).			
	Renaissance Zone - R.D. Offutt Company 2003 - 2008; Fort Noks,	Inc. 2005 - 2010; CI	hristi Offutt 20	005 - 2010;
	McGovern 2013 - 2014;			
Busine	siness Competition			
25.	25. Is any similar business being conducted by other operators in the m	unicipality?	☐ Yes	□No
	If YES, give name and location of competing business or businesse	S		
	Percentage of Gross Revenue Received Where Underlying Busines	ss Has ANY Local (Competition	
Proper	operty Tax Liability Disclosure Statement			
26.	26. Does the project operator own real property in North Dakota which	has delinquent pror	arty tay lavier	1
20.	against it? ☐ Yes ☑ No	nas demiquem prop	erry tax levied	1
27.	, , , , , , , , , , , , , , , , , , ,	ess that has delinqu	ent property to	ax levied
	against any of its North Dakota real property?	☑ No		
	If the answer to 26 or 27 is Yes, list and explain			
	•			
Use	Jse Only When Reapplying			*
28.	8. The project operator is reapplying for property tax incentives for the	following reason(s):	
	☐ To present additional facts or circumstances which were not pre	sented at the time o	f the original a	pplication
	☐ To request continuation of the present property tax incentives be			
	moved to a new location			
	had a change in project operation or additional capit	al investment of mo	ore than twenty	y percent
	had a change in project operators			
	☐ To request an additional annual exemption for the year of entity and leased to the project operator. (See N.D.C.C. § 40-57.		ied by a govern	nmental
Notice	tice to Competitors of Hearing			
Prior to	or to the hearing, the applicant must present to the governing body of the tion giving notice to competitors unless the municipality has otherwise of	e county or city a colletermined there are	opy of the affice no competito	lavit of pub-
I,	, do hereby certify that th	e answers to the abo	ove questions a	and all of the
informa and bel	permation contained in this application, including attachments hereto, are belief and that no relevant fact pertaining to the ownership or operation	true and correct to	the best of my	/ knowledge
	Signature	Title		Date

Value \$41,175,000

Taxes \$626,707

Year	Payment Sch	nedule
1	\$	9
2	\$	*
3	\$	-
4	\$	
5	\$	
6	\$	
7	\$	-
8	\$	-
9	\$	3
10	\$	520
11	\$	(#)
12	\$	
13	\$	(*)
14	\$	= 0
15	\$	(= 3
16	\$	30
17	\$	-
18	\$	-
19	\$	~
20	\$	340



Kilbourne Group 210 Broadway, Suite 300 Fargo, ND 58102

p: (701) 237-2279 e: info@kilbournegroup.com www.kilbournegroup.com

July 1, 2019

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

Dear Mr. Gilmour:

Block 9, LLC has established new entities which will ultimately own the different condo units (retail, hotel, office, etc.) located in the overall project. In preparation for the eventual transfer of ownership from Block 9, LLC to these new entities we are requesting the transfer of the PILOT incentive originally approved by the City Commission on March 23, 2016.

DFI Block 9 Retail, LLC will be the new entity owning the retail portion of the project. We are 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 application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to DFI Block 9 Retail, LLC the new operator of the plaza portion of this project.

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

Sincerely,

Mike Allmendinger

President



Application For Property Tax Incentives For New or Expanding Businesses

JUL 15 2019

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

FARGO ASSESSOR

Project Operator's Application To City of 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 DFI Block 9 Retail LLC				
2.	Address of project 215 Broadway N				
	City Fargo	County Cass			
3.	Mailing address of project operator 2	10 Broadway, Suite 300			
	City 1	Fargo State ND Zip 58102			
4.] Subchapter S corporation □ Individual proprietorship] Cooperative ☑ Limited liability company			
5.	Federal Identification No. or Social Se	curity No. 83-0984554			
6.	North Dakota Sales and Use Tax Perm	it No. n/a			
7.	If a corporation, specify the state and date of incorporation North Dakota - March 29, 2018				
8.	Name and title of individual to contact	Michael Allmendinger			
	Mailing address 210 Broadway, Suite 3	00			
	City, State, Zip Fargo, ND 58103	Phone No701.237.2279			
Projec	et Operator's Application For Tax Inc	entives			
9.	Indicate the tax incentives applied for	and terms. Be specific.			
	☐ Property Tax Exemption	Payments In Lieu of Taxes			
	Number of years	2022 Beginning year 2042 Ending year			
	Percent of exemption	Amount of annual payments (attach schedule if payments will vary)			
10.	Which of the following would better d	escribe 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 Lots 14-21, Block 9, Keeney & Devitts 1st Addition							
10								
12.	2. 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.	3. 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	f the project covered by this application Fall 2018						
	b. Description of project to be constructed including si 27,610SF of ground floor retail located within the I							
	Overall Project: Hotel 47,320 SF (125 keys); Amer	nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF						
	c. Projected number of construction employees during the project construction 300							
14.	Approximate date of commencement of this project's of	operations Fall 2020						
15.	Estimated market value of the property used <u>for</u> this project:	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:						
	a. Land\$ 675,000	a. Land (not eligible)						
	b. Existing buildings and structures for which an exemp-	b. Eligible existing buildings and structures\$						
tion is claimed								
d. Total taxable valuation of property eligible for exemption (Add lines b and c)								
	e. Machinery and equipment\$	e. Enter the consolidated mill rate for the appropriate taxing district						
	f. Annual amount of the tax exemption (Line d multiplied by line e)\$ 626,707.00							

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 proc☐ Wholesa	_	☐ Manufa☐ Wareho	_	Retailing Services		
18. Describe in detail the activities to b be manufactured, produced, assemb					f any products to		
Ground floor will house 27,000 SF of ne Overall project - Corporate headquarters	for RDO Equi	ptment, hotel wit	h 125 rooms. In ac	ldition to this appl	ication, the		
project will also construction seven cond gathering space.	los, a parking g	arage, and redesi	gn the existing pla	iza into a year roui	nd public		
19. Indicate the type of machinery and	equipment tha	at will be install	ed				
	- válles lá						
20. For the project only, indicate the pronew business or the expansion itself				ome (before tax)	from either the		
-	New/Expansion Ne						
Annual revenue see PFM	"but	for" r	eport				
Annual expense				-			
Net income	- 2 2	-					
21. Projected number and salary of pers			oject for the first	five years:			
Current positions & positions added the		of project New Positions	New Positions	New Positions	New Positions		
	3.01-\$15.00	\$15.01-\$20.00	\$20.01-\$28.00	\$28.01-\$35.00	Over \$35.00		
Year (Before proje	ect) Yea	<u>r l</u> Yea	r 2 Year	3 Year 4	Year 5		
No. of Employees (1)			- 49	rano gran			
(2)							
Estimated payroll (1)				_			
(1) - full time (2) - part time							

Previous Business	Activity
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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					
Desire	additional sheets if necessary). RZ: DFI Loudon 2015; DFI St Marks 2015; DFI 1213 2016; DFI BE (123 Broadway) 2016; DFI Roberts 2017; ; DFI BA (113 BW) 2020; DFI BC (119 BW) 2020 DFI RZ/PILOT: DFI Woodrow 2016; DFI Black 2020; Block 9 Partners 2021					
	ss Competition					
25.	Is any similar business being conducted by other operators in the municipality?					
	If YES, give name and location of competing business or businesses					
	-Leased retail space in the City of Fargo and Renaissance Zone					
	Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100 %					
Proper	ty 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					
	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 pubgiving notice to competitors unless the municipality has otherwise determined there are no competitors.					
I, Mich	ael Allmendinger , do hereby certify that the answers to the above questions and all of the					
informa	tion contained in this application, including attachments hereto, are true and correct to the best of my knowledge ef and that no relevant fact pertaining to the ownership or operation of the project has been omitted. President					
	Signature Title Date					

Value \$41,175,000

Taxes \$626,707

<u>Year</u>	Payment Sch	nedule
1	\$	
2	\$: *
3	\$	270
4	\$: <u>#</u> :
5	\$	3.53
6	\$	
7	\$:#s
8	\$	
9	\$	
10	\$	•
11	\$	*
12	\$:=:
13	\$	· 🚉
14	\$	·
15	\$:=:
16	\$.=
17	\$	-
18	\$	-
19	\$	-
20	\$:=:



Kilbourne Group 210 Broadway, Suite 300 Fargo, ND 58102 p: (701) 237-2279 e: info@kilbournegroup.com www.kilbournegroup.com

July 1, 2019

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

Dear Mr. Gilmour:

Block 9, LLC has established new entities which will ultimately own the different condo units (retail, hotel, office, etc.) located in the overall project. In preparation for the eventual transfer of ownership from Block 9, LLC to these new entities we are requesting the transfer of the PILOT incentive originally approved by the City Commission on March 23, 2016.

Block 9 Hotel, LLC will be the new entity owning the hotel condo of the project. We are 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 application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 Hotel, LLC the new operator of the hotel portion of this project.

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

Sincerely,

Mike Allmendinger

President



Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To City of Fargo
City or County

FARGO ASSESSOR

JUL 15 2019

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 Block 9 Hotel I	TC
2.	Address of project 215 Broadway N		
	City Fargo	Coun	ty <u>Cass</u>
3.	Mailing address of project operator	210 Broadway, Suite 300	
	Cit	y <u>Fargo</u>	State ND Zip 58102
4.	Type of ownership of project ☐ Partnership ☐ Corporation	☐ Subchapter S corporation☐ Cooperative	☐ Individual proprietorship ☐ Limited liability company
5.	Federal Identification No. or Social	Security No. <u>83-0754142</u>	
6.	North Dakota Sales and Use Tax Pe	rmit No. n/a	
7.	If a corporation, specify the state an	d date of incorporation Delaware /	May 10, 2018
8.	Name and title of individual to conta	Michael Allmendinger	
	Mailing address 210 Broadway, Suite	e 300	
	City, State, Zip Fargo, ND 58103		Phone No701.237.2279
Projec	t Operator's Application For Tax I	ncentives	
9.	Indicate the tax incentives applied for	or and terms. Be specific.	
	☐ Property Tax Exemption	⊠ Payn	nents In Lieu of Taxes
	Number of years	<u>2022</u> Begin	nning year 2042 Ending year
	Percent of exemption		unt of annual payments (attach schedule yments will vary)
10.	Which of the following would bette	r describe the project for which this	application is being made:
	New business project		nsion of a existing business project

	1. Legal description of project real property Lots 14-21, Block 9, Keeney & Devitts 1st Addition						
2.	. 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.						
3.	. 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	f the project covered by this application Fall 2018					
	b. Description of project to be constructed including si 125 Room Hotel Part of Block 9 Project	ze, type and quality of construction					
	Overall Project: Hotel 47,320 SF (125 keys); Amen	nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF					
	c. Projected number of construction employees during						
1.	Approximate date of commencement of this project's c						
5.	this project:	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:					
	a. Land						
and structures when completed							
	e. Machinery and equipment\$	e. Enter the consolidated mill rate for the appropriate taxing district					
		f. Annual amount of the tax exemption (Line d multiplied by line e)\$ 626,707.00					

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 proce☐ Wholesa	-	☐ Manufac	-	Retailing Services		
18. Describe in detail the activities to b be manufactured, produced, assemb	oled or stored				f any products to		
125 Room Hotel part of the Block 9 Proj Overall project - Corporate headquarters addition to this application, the project w into a year round public gathering space.	for RDO Equipolial also construction	ptment, hotel with	n 125 rooms, 27,0 os, a parking gara	00 SF ground floo ge, and redesign th	r retail. In le existing plaza		
19. Indicate the type of machinery and	equipment the	at will be install	ed				
20. For the project only, indicate the proew business or the expansion itsel	ojected annua f for each year	l revenue, expense r of the requeste	nse, and net inco	ome (before tax)	from either the		
•	New/Expansion Ne						
Annual revenue see PFM	"but	for" r	eport				
Annual expense	_ 3			*			
Net income							
21. Projected number and salary of pers	ons to be emp	oloyed by the pr	oject for the first	five years:			
Current positions & positions added the	e initial year o	of project					
	w Positions 3.01-\$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 proj	ect) Yea	<u>r 1 Yea</u>	r 2 Year	3 Year 4	Year 5		
No. of Employees (I)							
(2)	= ===						
Estimated payroll (1)							
(2)				- T	-14		
(1) - full time (2) - part time							

Previous Business Activit	revious	Dusiness	Activity
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24.	Has the project operator or any officers of the project received any prior property tax incentives? ☑ Yes □ No				
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Busine	ess Competition				
25.	Is any similar business being conducted by other operators in the municipality? ☐ Yes ☐ No				
1	If YES, give name and location of competing business or businesses				
	-Hotels in the City of Fargo				
a	Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100 %				
Proper	ty 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				
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	to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of pubnicing notice to competitors unless the municipality has otherwise determined there are no competitors.				
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	Signature Title Date				

Value \$41,175,000
Taxes \$626,707

<u>Year</u>	Payment Schee	Payment Schedule		
1	\$	*		
2	\$	-		
3	\$	*		
4	\$	-		
5	\$	*		
6	\$	-		
7	\$	-		
8	\$	-		
9	\$	+		
10	\$	7		
11	\$	-		
12	\$	9		
13	\$	9		
14	\$	8		
15	\$	말		
16	\$	=		
17	\$	-		
18	\$	-		
19	\$			
20	\$	7		