

EDIC MEETING
Tuesday, September 26, 2023 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

1. **Approve Tax Exempt Review Committee Meeting Minutes of 8/22/2023**
 - a. August 22, 2023 [Page1-2]
2. **Time extension for J Street Apartments [Page 3]**
3. **Letter for Support for Wave Water Park Project [Page 4-5]**
4. **Request for Tax Exemption for Corvent [Page 6-16]**
5. **Request for Tax Exemption for Dakota Air Part [Page17-30]**
6. **Update on Growth Plan**
7. **Status Report on Property Tax Exemptions**
8. **Schedule Tour of Wild Oak Project**

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, August 22, 2023

The August meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:30 p.m., Tuesday, August 22, 2023.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Jon Eisert, Mayor Mahoney, Jim Gilmour, Jessica Ebeling, Levi Bachmeier, Michael Splonskowski, and Lucas Paper.

Members Absent:

Others Present: Jackie Gapp

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

Minutes Approved

A motion was made by John Cosgriff to approve the minutes from June 27, 2023, July 18, 2023, July 25, 2023 and August 15, 2023. Lucas Papert seconded. Motion carries.

Discussion with Developers and Others on Policy for Incentives

Developers Present:

Austin Morris- Enclave Development
Kevin Christianson- Christianson Companies
Alex Christianson- Christianson Companies
Tim Gleason- Gleason Companies
Brian Benscoter- Brandt Holdings
Elizabeth Kosel- Home Builders Association
Blake Nybakken- EPIC Companies
Lance Johnson- EPIC Companies

Developers List:

- Supportive of 5 year term
- Interest rate hikes


- Where would it make sense to put incentives?
 - Offices, Commercial, Restaurants, Strip Malls, Retail
- Housing- people do not want to live downtown or in a high rise. They would like for example single family with a large lot.
- Density
 - High density needs to abide by city rules. Especially with parking.
 - Interest Rate buy downs
- Design should not be a criteria within the policy
- Commissioner Piepkorn: Tax incentive and if it was affordable housing you received another one. Is that a good idea?
 - Austin Morris: Encouraging supply product planning instead of trying to incent your way out of housing challenges.
- Need to show how incentives have impacted the community over time.
- What are the rules, what needs to be done and treat everyone equally
- Jim Gilmour will be receiving comments from the developers and community
- Would like considerations from developers to maybe put on a survey/application that would be put online for developers to fill out when needing an incentive
- Planning Department will be at next meeting

Discussion will be continued to the next meeting Tuesday, September 26th.

The meeting was adjourned at 2:30pm.

MEMORANDUM

TO: Economic Development Incentives Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: September 11, 2023

SUBJECT: Time extension for J Street Apartments

The developer of the J Street Apartments has requested a 3-month time extension for completion of that apartment project, which is being supported with Tax Increment Financing (TIF) assistance.

The agreement requires the project to be complete by December 31, 2023. The developer thinks the project will still be completed by that date, but is requesting an extension to provide some additional time should it be needed.


The allowed time was less than what is typical for a TIF project. This agreement was approved by the City Commission in March 2022, and TIF agreements often allow a longer period of time to complete a project.

Recommended Motion

Recommend approval of an amendment to a development agreement with J Street Properties to provide a 3-month time extension.

MEMORANDUM

TO: Economic Development Incentives Committee
Fargo City Commission

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: September 6, 2023

SUBJECT: Letter of Support for The Wave Water Park

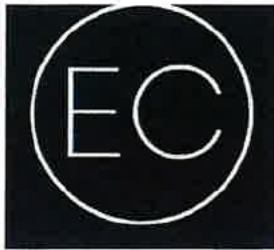
The City of Fargo is a member of the North Dakota Opportunity Fund (NDOF) Consortium along with 37 other communities in North Dakota. This fund originated as part of the Small Business Jobs Act of 2010.

The fund provides loans and investments to small businesses. In order for a business to receive support, the Consortium requires an endorsement letter from the City indicating support for the project and NDOF involvement in the financing. There is no City financial support included or required with the letter of support.

EPIC Companies has requested a letter of support to obtain money from the NDOF to match the Bank of North Dakota interest buy down program. The project is the water park and resort project being developed in southwest Fargo.

Recommended Motion

Provide a letter in support of The Wave Water Park project to the North Dakota Opportunity Fund providing match of the Bank of ND interest buy down program.



EPIC Companies

EPICCompaniesND.com

745 31st Ave. E

West Fargo, ND 58078

701.866.1006

8/30/2023

Jim Gilmour
Strategic Planning Director
City of Fargo

Mr. Gilmour,

We have recently received our primary sector designation from the North Dakota Department of Commerce, Economic Development & Finance Division and are applying for a local match through the North Dakota Opportunity Fund/Lewis & Clark Development Fund. This is required to qualify for the ~~Bank of North Dakota's PACE interest buydown program which we intend to utilize for The Wave~~ waterpark & resort project. Accordingly, we are requesting a letter of support from the City so we can include with our application.

Please let me know if you need anything further to process this request. Thanks for your consideration.

Sincerely,

Blake Nybakken
Chief Operating Officer

August 24, 2021

Travis Murphy
Corvent Medical Inc
2326 Walsh Ave
Santa Clara, CA 95051

Dear Travis:

Thank you for your application for primary-sector certification by the North Dakota Department of Commerce, Economic Development & Finance Division. We have reviewed your application and determined that ED&F can certify your company, **Corvent Medical Inc**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** from today's date (expires 8/24/2025).

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

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

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

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

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

Sincerely,



Joshua Teigen, Director
Economic Development & Finance Division

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To Fargo
City or County

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

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

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business Corvent Medical, Inc.
2. Address of project 4837 Amber Valley Parkway S
City Fargo County Cass
3. Mailing address of project operator 1805 NDSU Research Park Drive N, Suite 118
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. [REDACTED]
6. North Dakota Sales and Use Tax Permit No. [REDACTED]
7. If a corporation, specify the state and date of incorporation Delaware - March 30, 2020
8. Name and title of individual to contact Travis Murphy, CFO
Mailing address 1805 NDSU Research Park Drive N, Suite 118
City, State, Zip Fargo, ND 58102 Phone No. [REDACTED]

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.
☒ **Property Tax Exemption** ☐ **Payments In Lieu of Taxes**
5 Number of years Beginning year Ending year
100% Percent of exemption Amount of annual payments (attach schedule if payments will vary)
10. Which of the following would better describe the project for which this application is being made:
☒ New business project ☐ Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

~~Lot: 3 Block: 1 GAMMA FARGO ADDN LT 3 BLK 1 ** 1-29-16 REPLATTED FRM 01-6150-00100-000, 00200-000 & 00300-000 PER PLAT DOC#1464683 (~~

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

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

☒ Yes ☐ No

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

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

If existing facility, when was it constructed? 2005

 If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application N/A

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

N/A

c. Projected number of construction employees during the project construction N/A

14. Approximate date of commencement of this project's operations December 1, 2023

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

a. Land \$ 1,151,000

b. Existing buildings and structures for which an exemption is claimed..... \$ 1,359,668

c. Newly constructed buildings and structures when completed \$ N/A

d. Total \$ 2,510,668

e. Machinery and equipment \$ 300,000

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

a. Land (not eligible)

b. Eligible existing buildings and structures \$ 67,983

c. Newly constructed buildings and structures when completed \$ N/A

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 67,983

e. Enter the consolidated mill rate for the appropriate taxing district 283.22

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 19,254.25

Description of Project Business

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

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

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

Space will be used primarily for the manufacturing of medical ventilators and warehousing ventilators and accessories used with the ventilators. Space will also be used for product testing, customer service, general and administrative.

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

Air handling and humidity control for clean manufacturing environment, production equipment used in electronics and mechanical assembly, receiving and completed product inspection equipment, lab benches, material movement/handling equipment

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.

Year (12 mo. periods)	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Annual revenue	16,686,000	44,704,000	83,230,000	167,357,000	314,755,000
Annual expense	28,278,000	41,697,000	76,773,000	129,651,000	249,147,000
Net income	-11,592,000	3,007,000	6,457,000	37,706,000	65,608,000

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

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
11				1	3	19

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 5	27	38	56	73	90
	(2) 6	7	8	9	10	11
Estimated payroll	(1) 575,000	2,641,000	3,705,000	4,776,000	5,807,000	7,159,000
	(2) 156,000	182,000	208,000	234,000	260,000	286,000

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

Previous Business Activity

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

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☐ Yes ☒ No
- If YES, give name and location of competing business or businesses
- _____
- _____
- Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No
- If the answer to 26 or 27 is Yes, list and explain
- _____
- _____

Use Only When Reapplying

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

Notice to Competitors of Hearing

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

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

Travis Murphy
Signature

CFO
Title

8/24/2023
Date

PRIVACY ACT NOTIFICATION

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

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

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

☐ **Property Tax Exemption**

_____ Number of years

_____ Percent of exemption

☐ **Payments in lieu of taxes**

_____ Beginning year _____ Ending year

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

Auditor

Notice To Competitors Of Hearing On Application For Property Tax Incentives

Notice is hereby given that the _____
(City or county governing body)

of _____, North Dakota, will meet at _____
(City or county) (Time)

on _____ at _____ to consider the application of
(Date) (Location)

(Project operator name and address)

for property tax relief on the project which the applicant will use in the operation of

(Type of business)

at _____
(Address)

(Legal description)

Any competitor of that applicant may appear and be heard by the _____
(City or county governing body)

at the time and place designated herein. A competitor may provide written comments to the governing body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century Code § 40-57.1-03

Business Incentive Agreement

I. In fulfillment of the requirements of N.D.C.C. § 54-60.1-03, Grantor and Recipient enter into this Business Incentive Agreement.

Grantor

Name	City of Fargo
Address	225 4th Street North Fargo, ND 58102

Recipient

Name	Corvent Medical, Inc.		
Address	1805 NDSU Research Park Drive N Suite 118 Fargo, ND 58102		
Contact Person	Travis Murphy	E-mail Address	
Recipient Parent Company (If applicable)			
Business Type (NAICS Code) 339112			
Location of Recipient Prior to Receiving Incentive (If different)			

2. Description of project.

CorVent Medical Inc. is relocating operations from Southern California to Fargo, North Dakota and will configure space for product development, testing, manufacturing and warehousing. Quality control, regulatory, finance, administration and customer support will also be relocated and consolidated to this space in Fargo, ND. It is expected that total headcount in North Dakota will grow to 90 FT and PT employees within 5 years, generating payroll of approx \$7,445,000 per year

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

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

If yes, describe the type of district:

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

5. The public purpose(s) of the business incentive are: ☐ Assisting community development
☒ Directly create employment opportunities
☐ Job retention
☐ Increase tax base
☒ Indirectly increase employment opportunities
☒ Other Diversify Fargo's Economic Base

6. Value of Business Incentive: \$ 96,271

7. Recipient currently employs 11 people, located in Fargo, ND.

8. In return for the business incentive, Recipient shall, within two years create: 38
Number of full-time equivalent jobs
$$\frac{\$46.88}{\text{Average hourly wage}} + \frac{\$8.72}{\text{Benefits per hour value}} = \frac{\$55.60}{\text{Average hourly compensation}}$$

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

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

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

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

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

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

Dated this _____ day of _____, 20 ____.

Grantor: _____ on behalf of _____

Dated this 24th day of August, 20 23.

Recipient: Travis Murphy on behalf of Corvent Medical, Inc.

Exemption Evaluation Calculator 2020				150.1			176.2
Corvent Medical Inc				Points			Points
Project Type Code (Ctrl-C to view)		5		38.0		5	38.0
Current Number Of Employees	Year 1	8			Year 3	8	
Hourly Salary Without Benefits	# Jobs				# Jobs		
Under \$13.00							
\$13.01-\$15.00							
\$15.01-\$20.00							
\$20.01-\$28.00	1	Pts. For # Jobs->	25.0	11	Pts. For # Jobs->	40.0	
\$28.01-\$35.00	3	Pts. For \$ Jobs->	27.1	2	Pts. For \$ Jobs->	38.2	
Over \$35.00	19			38			
TOTAL # OF JOBS CREATED	23			51			
% GI w/ Local Competition (not downtown)			25.0		0%	25.0	
Value of Proposed Buildings		\$ 1,359,668	20.0		\$ 1,359,668	20.0	
Downtown Location (Y/N)		N	0.0		N	0.0	
Startup Firm (Y/N)		y	15.0		y	15.0	
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		n	0.0		n	0.0	
Number of Years (Exemption)		5			5		
Company Safety Experience Rating			0.0		0	0.0	
RECOMMENDATION IS TO			APPROVE		APPROVE		
Description		Tech Research			Tech Research		
Estimated New Annual Payroll		\$1,672,320			\$3,527,680		
Estimated Annual Real Estate Tax		\$19,254			\$19,254		
Estimated PV of Exemption		\$83,361			\$83,361		
Payroll / PV of Exemption		20.1			42.3		
Property Value / # of Jobs		\$ 59,116			\$ 26,660		
Total Value Of Benefit		\$ 96,271			\$ 96,271		

NORTH
Dakota | Commerce
Be Legendary.™

March 9, 2021

Shawn Johnston
Dakota Air Parts Intl Inc
1801 23rd Ave N Ste 119
Fargo, ND 58102

Dear Shawn:

Thank you for your application for primary-sector certification by the North Dakota Department of Commerce, Economic Development & Finance Division. We have reviewed your application and determined that ED&F can certify your company, **Dakota Air Parts Intl Inc**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** from today's date (expires 3/8/2025).

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

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

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

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

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

Sincerely,



Joshua Teigen, Director
Economic Development & Finance Division

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To Fargo - Cass
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 Dakota Air Parts Int'l., Inc.
2. Address of project 3600 37th St. S.
City Fargo County Cass
3. Mailing address of project operator 1801 23rd Ave. N., Suite 119
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. [REDACTED]
6. North Dakota Sales and Use Tax Permit No. [REDACTED]
7. If a corporation, specify the state and date of incorporation ND, July 8, 1997
8. Name and title of individual to contact Kurtis C. McConn, CEO
Mailing address 1801 23rd Ave. N., Suite 119
City, State, Zip Fargo, ND 58102 Phone No. [REDACTED]

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.

<input checked="" type="checkbox"/> Property Tax Exemption <u>5</u> Number of years <u>100</u> Percent of exemption	<input type="checkbox"/> Payments In Lieu of Taxes Beginning year _____ Ending year _____ Amount of annual payments (attach schedule if payments will vary)
--	--
10. Which of the following would better describe the project for which this application is being made:
☒ New business project ☐ Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

**See legal description attached.12. Will the project property be owned or leased by the project operator? ☐ Owned ☒ Leased

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

☒ Yes ☐ No

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

13. Will the project be located in a new structure or an existing facility? ☐ New construction ☒ Existing facilityIf existing facility, when was it constructed? 2018


If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application 12/2023

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

~~62,000 sq. ft. of Warehouse is finished & 10,000 sq. ft. of office/reception/employee space to be constructed within the existing facility. Possible elevator will be added to access 2nd floor~~c. Projected number of construction employees during the project construction 10 based on office build-out14. Approximate date of commencement of this project's operations Warehouse 11/2023; Office 03/202415. Estimated market value of the property used for this project:a. Land..... \$ 1,082,911.00b. Existing buildings and structures for which an exemption is claimed..... \$ 7,228,200.00c. Newly constructed buildings and structures when completed \$ 700,000.00d. Total..... \$ 9,011,111.00e. Machinery and equipment \$ 200,000.00

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

a. Land (not eligible) b. Eligible existing buildings and structures..... \$ 361,410.00c. Newly constructed buildings and structures when completed..... \$ 35,000.00d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 396,410.00e. Enter the consolidated mill rate for the appropriate taxing district3015f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 119,517.62

Description of Project Business

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

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing
☒ Wholesaling ☒ Warehousing ☒ Services
18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).
DAP is entering a pivotal phase of growth through diversification into the Sikorsky UH-60 Black Hawk helicopter platform, requiring increased storage and operational capacity for up to 29 helicopters and over fifty 40ft CONEX containers of associated spares and tooling set for U.S. import within a year. This expansion not only enhances our inspection, disassembly, assembly related production lines, and global repair and return services, this initiative will also consolidate our current North Dakota facilities to increase efficiencies. This initiative is designed to centralize our operations, improve inventory control, and optimize shipping and receiving processes.
19. Indicate the type of machinery and equipment that will be installed
Inspection tables, close tolerance measuring equipment, security cameras, pallet racking, forklift, foam packing, and possible servers for IT and possible elevator for 2nd floor office space.
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.

Year (12 mo. periods)	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Annual revenue	\$15,000,000.00	\$17,000,000.00	\$19,000,000.00	\$20,000,000.00	\$21,000,000.00
Annual expense	\$12,600,000.00	\$14,280,000.00	\$15,960,000.0	\$16,800,000.00	\$17,640,000.00
Net income	\$2,400,000.00	\$2,720,000.00	\$3,040,000.00	\$3,200,000.00	\$3,360,000.00

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

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
26	0	0	3	2	1	1

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 26	33	39	42	43	45
	(2) N/A	N/A	N/A	N/A	N/A	N/A
Estimated payroll	(1) \$2,864,815.00	\$3,205,935.00	\$3,459,615.00	\$3,559,255.0	\$3,609,255.00	\$3,659,255.00
	(2) N/A	N/A	N/A	0 N/A	N/A	N/A

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☒ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☒ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☒ Yes ☐ No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
We believe, historically, we did receive tax incentives on one of our properties located at 1825 23rd Ave N ending in year 2010. Thank you.

Business Competition

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

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

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No
- If the answer to 26 or 27 is Yes, list and explain

Use Only When Reapplying

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

Notice to Competitors of Hearing

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

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

Signature

CEO

Title

Date

PRIVACY ACT NOTIFICATION

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

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

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

☐ **Property Tax Exemption**

_____ Number of years

_____ Percent of exemption

☐ **Payments in lieu of taxes**

_____ Beginning year _____ Ending year

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

Auditor

Notice To Competitors Of Hearing On Application For Property Tax Incentives

Notice is hereby given that the _____
(City or county governing body)

of _____, North Dakota, will meet at _____
(City or county) (Time)

on _____ at _____ to consider the application of
(Date) (Location)

(Project operator name and address)

for property tax relief on the project which the applicant will use in the operation of

(Type of business)

at _____
(Address)

(Legal description)

Any competitor of that applicant may appear and be heard by the _____
(City or county governing body)

at the time and place designated herein. A competitor may provide written comments to the governing body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century Code § 40-57.1-03

Business Incentive Agreement

1. In fulfillment of the requirements of N.D.C.C. § 54-60.1-03, Grantor and Recipient enter into this Business Incentive Agreement.

Grantor

Name	City of Fargo
Address	225 4th Street North Fargo, ND 58102

Recipient

Name	Dakota Air Parts Int'l., Inc / MACO 3552 Leasing LLC (Lessor)		
Address	1825 23rd Ave N Fargo, ND 58102		
Contact Person	Kurtis McConn	E mail Address	
Recipient Parent Company (If applicable)			
Business Type (NAICS Code)	423860		
Location of Recipient Prior to Receiving Incentive (If different)			

2. Description of project.

DAP is embarking on an expansion trajectory through the diversification into the Sikorsky UH-60 Black Hawk helicopter platform and associated equipment. This venture necessitates an increase in storage capacity to accommodate a surge in inventory growth to include up to 29ea UH-60 Black Hawk helicopters and more than fifty 40ft CONEX containers of associated spares and tooling currently stationed abroad set for import into the United States over the next 12 months. This initiative will also augment our production as well as our repair and return service capabilities that cater to our expanding customer base across the globe. The Sikorsky Black Hawk helicopter platform represents an unparalleled opportunity for market expansion, given its status as the most widely used helicopter worldwide. To support the demands of this expansion, we have forecasted the need for supplementary warehouse space, office space, break rooms, conference rooms, and restrooms to accommodate our current workforce.

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

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

If yes, describe the type of district:

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

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

- | | |
|--|--|
| <input type="checkbox"/> Assisting community development | <input type="checkbox"/> Increase tax base |
| <input checked="" type="checkbox"/> Directly create employment opportunities | <input checked="" type="checkbox"/> Indirectly increase employment opportunities |
| <input checked="" type="checkbox"/> Job retention | <input checked="" type="checkbox"/> Other <u>Diversify Fargo's Economic Base</u> |

6. Value of Business Incentive: \$ 597,588

7. Recipient currently employs 26 people, located in Fargo, ND.

8. In return for the business incentive, Recipient shall, within two years create: 13
Number of full time equivalent jobs

<u>\$22.51</u>	+	<u>\$3.70</u>	=	<u>\$26.21</u>
Average hourly wage		Benefits per hour value		Average hourly compensation

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

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

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

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

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

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

Dated this _____ day of _____, 20____.

Grantor: _____ on behalf of _____

Dated this 14th day of September, 20 23.

Recipient:  on behalf of Dakota Air Parts Int'l., Inc

Attachment “A”

Recipient has received the following additional financial assistance from state or political subdivision Grantors for this project since inception.

Grantor	Description of Assistance	
Fargo/Moorhead EDC	PACE Finance Related Incentives	
Value of Assistance	Benefit Date	Pending Benefit Date
\$500,000.00	9/7/2023	

Grantor	Description of Assistance	
Value of Assistance	Benefit Date	Pending Benefit Date

Grantor	Description of Assistance	
Value of Assistance	Benefit Date	Pending Benefit Date

Grantor	Description of Assistance	
Value of Assistance	Benefit Date	Pending Benefit Date

Grantor	Description of Assistance	
Value of Assistance	Benefit Date	Pending Benefit Date

Exemption Evaluation Calculator				107.0				142.9					
				Points				Points					
Dakota Air Parts Int'l, Inc.													
Project Type Code (Ctrl-C to view)				2		25.0		2		25.0			
Current Number Of Employees		Year 1	26				Year 3		26				
Hourly Salary Without Benefits		# Jobs					# Jobs						
Under \$13.00													
\$13.01-\$15.00													
\$15.01-\$20.00		3					3						
\$20.01-\$28.00		2	Pts. For # Jobs->		10.0		11		Pts. For # Jobs->		40.0		
\$28.01-\$35.00		1	Pts. For \$ Jobs->		7.0		1		Pts. For \$ Jobs->		12.9		
Over \$35.00		1					1						
TOTAL # OF JOBS CREATED		7					16						
% GI w/ Local Competition (not downtown)						25.0		0%				25.0	
Value of Proposed Buildings				\$ 7,928,200		25.0		\$ 7,928,200				25.0	
Downtown Location (Y/N)				N		0.0		N				0.0	
Startup Firm (Y/N)				Y		15.0		Y				15.0	
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)				N		0.0		N				0.0	
Number of Years (Exemption)				5				5					
Company Safety Experience Rating						0.0		0				0.0	
RECOMMENDATION IS TO DENY						APPROVE							
Description				Support				Support					
Estimated New Annual Payroll				\$350,480				\$799,760					
Estimated Annual Real Estate Tax				\$115,799				\$115,799					
Estimated PV of Exemption				\$501,350				\$501,350					
Payroll / PV of Exemption				0.7				1.6					
Property Value / # of Jobs				\$ 1,132,600				\$ 495,513					
Total Value Of Benefit				\$ 578,996				\$ 578,996					

Exhibit A

Legal Description of Property for Lease

Description (proposed Lot 3):

That part of Lot 2, Block 1, Larkin Addition to the City of Fargo, Cass County, North Dakota, described as follows:

Beginning at the southwest corner of said Lot 2; thence North 85°31'27" East, along the southerly line of said Lot 2, for a distance of 277.58 feet; thence North 04°19'47" West for a distance of 227.63 feet; thence North 85°40'13" East for a distance of 84.03 feet; thence North 04°19'25" West for a distance of 52.22 feet; thence South 88°02'38" West for a distance of 254.09 feet to a point of intersection with the westerly line of said Lot 2; thence South 32°34'00" West, along the westerly line of said Lot 2, for a distance of 119.81 feet to a point of tangential curve to the left, having a radius of 180.00 feet; thence southwesterly along said curve and along the westerly line of said Lot 2, for a distance of 116.41 feet, through a central angle of 37°03'16"; thence South 04°29'17" West, along the westerly line of said Lot 2, for a distance of 86.71 feet to the point of beginning.

Said tract contains 76,553 square feet, and is subject to easements as may be of record.

Description (proposed Lot 2):

That part of Lot 2, Block 1, Larkin Addition to the City of Fargo, Cass County, North Dakota, described as follows:

Commencing at the southwest corner of said Lot 2; thence North 85°31'27" East, along the southerly line of said Lot 2, for a distance of 277.58 feet to the true point of beginning; thence North 04°19'47" West for a distance of 227.63 feet; thence North 85°40'13" East for a distance of 84.03 feet; thence North 04°19'25" West for a distance of 52.22 feet; thence South 88°02'38" West for a distance of 254.09 feet to a point of intersection with the westerly line of said Lot 2; thence North 32°34'00" East, along the westerly line of said Lot 2, for a distance of 24.28 feet; thence North 88°02'38" East for a distance of 272.11 feet; thence South 04°19'59" East for a distance of 85.30 feet; thence North 85°40'19" East for a distance of 384.83 feet to a point of intersection with the easterly line of said Lot 2; thence South 04°28'56" East, along the easterly line of said Lot 2, for a distance of 296.62 feet to the southeast corner of said Lot 2; thence South 87°57'27" West, along the southerly line of said Lot 2, for a distance of 489.75 feet; thence North 04°27'45" West, along the southerly line of said Lot 2, for a distance of 44.52 feet; thence South 85°31'27" West, along the southerly line of said Lot 2, for a distance of 27.35 feet to the true point of beginning.

Said tract contains 159,871 square feet, and is subject to easements as may be of record.

