FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, July 28, 2020 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

1. **Approve Tax Exempt Review Committee Meeting Minutes of 6/23/2020**
   a. June 23, 2020 minutes [Page 1-4]

2. **Application for PILOT for PRx Performance**
   a. 10 year PILOT [Page 5-11]

3. **New Industry Application by AdShark Ventures, LLC**
   a. Application for 5 Year Exemption [Page 12-17]

4. **New Industry Application by Access Point Technologies EP Inc.**
   a. Application for 5 Year Exemption [Page 18-24]

5. **Report from the Greater Fargo-Moorhead EDC on economic activities and the Growth Initiative Fund.**

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting **Tuesday, June 23, 2020**

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 23, 2020.

The committee members present or absent are:
Present: Dave Piepkorn, Bruce Grubb, Jim Buus, Jim Gilmour, Ben Hushka, Mayor Tim Mahoney, Erik Johnson, Jessica Ebeling, Kent Costin, Ryan Aasheim, Robert Wilson, John Cosgriff, Jackie Gapp
Absent: Levi Bachmeier, Joseph Raso

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

A motion was made by Jim Buus to approve the minutes from the May meeting held on May 26, 2020. Jessica Ebeling seconded. Motion carried.

Two Applications for PILOT for Low Income Housing Projects from Fargo Housing & Redevelopment Authority

Elliot Place Housing Project located on South 45th Street and 30th Ave S, there will be a total of 84 units, under two different ownership groups. The project is being financed by a number of means, there are two ownership groups along with three grants that have been received for the project: the Housing Incentive Fund Grant, the Housing Trust Fund Grant and City Home Grant. The key reason the property tax exemption is needed is because a loan of four million dollars will be taken out for this project. Fargo Housing Authority is the lead in this project along with their partner Blue Line Development who is working on selling the low income housing tax credits. In the future Fargo Housing Authority will become the sole owner and the property will continue to be low income housing. The request is a zero dollar payment on the improvements, however, the owners will pay the taxes on the land which amount to approximately $14,000 a year. The land is currently owned by the Fargo Housing Authority and is tax exempt. The project is only feasible if they receive the full tax exemption.

Matthew Pike from the Fargo Housing Authority explained the principle issue for them is to make sure they meet the minimum debt coverage by making sure Fargo Housing begins paying the property taxes on this property and that Fargo Housing is meeting the need for affordable senior housing. Fargo Housing would immediately begin paying the $14,000 taxes on the land.

Dave Piepkorn asked about the two sets of numbers on page 5. It was explained that the numbers in red are the corrected numbers provided by Ben Hushka.

Kent Costin asked if they could comment on the rent structure and who pays the vouchers.

Matthew explained that Fargo Housing is committing to project based vouchers that they can allocate to a specific project that is different because vouchers normally go to a specific individual that they can take out into the private marketplace. By allocating vouchers to this specific project they can cover all 84 units on the project, to make sure all units are covered by the rental assistance to specifically address those that are most in need and at 50% or lower of AMI (Area Median Income).

Jessica Eberling asked how long the vouchers would stay with the project.

Matthew said the vouchers are fully committed for the life of the project.

Dave Piepkorn asked if this project is near public transportation.

Matthew explained that it is near a bus route but they would love to have a conversation about adding a stop closer to the property. Fargo Housing will also be providing a van for the resident's needs. Because they have been allowed to reduce the overall parking needs due to the nature of the project they want to make sure the resident's needs are covered. The bus runs right by but does not stop there yet.

Jim Buus motioned to approve the project, John Cosgriff seconded. Motion carried.

Application for PILOT for PRx Performance

Jim Gilmour explained that this company is looking at a major expansion. Over the next five years they anticipate adding 99, jobs all of those jobs will be over $13 an hour, 40% of them would be over $15 an hour. The request is for a 10 year property exemption, the first five years would be at 100%, years 6-10 would gradually increase.

Brian Brasch CEO of PRx Performance explained that in 2013 he and his partner Erik Hopperstad were sitting around a campfire having a discussion and came up with a business idea. The next morning they woke up and did something about it. They bought a domain name and started a business that was based on the growing Cross-fit Industry. Their competitor believed in street parking, they wanted everyone to fill up their garages with gym equipment and park on the street. Because snow plows would not appreciate street parking in this area, they developed space saving equipment that only takes up 4 inches of space on your garage wall when it is stowed away. From there things kept growing. They appeared on Shark Tank in 2016 and got a deal with Kevin O'Leary. They also received an update on the show. Last year they were the 17th best-selling Shark Tank Company and this year they are potentially going to be in the top ten best-selling Shark Tank products. PRx has enjoyed 300% growth year over year for seven years. This year they are anticipated to grow over 400%. They are strong believers in the community and look for ways to help out the community through donations and recently hiring employees from a struggling business, and bringing in lunch to their employees three times a week to help struggling restaurants during Covid.
They are expanding their product to hockey, which will be released next year. International growth, opening a warehouse in the Netherlands this fall, bringing the financing arm in-house later this year and finally launching a fitness app, where the competitor has 30 employees running their online fitness app and they currently only have one person running their app. They have moved seven times in six years and are hoping to build big enough to last at least a couple of years. They are looking to build a 140,000 square feet building of warehouse and offices. They would like to bring the manufacturing in-house one day. Their closest competitor has an 800,000 square foot building and they are out of space. This is an opportunity to grow in the Fargo area. Other cities would love to get this business and have reached out to them per Jim Gilmour.

Jum Buus asked Jim Gilmour to explain years 6-10 a little more. Jim said that projects have been done like this in the past, however this one is a little different, it still averages out to that 50% but gives them a little more help during the times they will need it the most. Normally it would be the 50% for those five years but this will gradually get them up to 100% so year eleven will not be a surprise.

Mayor Tim Mahoney congratulated Brian on their growth and also thanked him for all the help during the Covid times.

Mayor Tim Mahoney made a motion to approve and Kent Costin seconded. Motion carried.

Discuss ND Opportunity Fund

Jim Gilmour explained that this fund was created well over ten years ago and has nothing to do with the new federal opportunity zone, but has the same name. There isn't currently a committee that looks at the application for these funds.

John Machacek from the Greater Fargo/Moorhead Economic Development Corporation explained that this fund was created out of the SSBCI (State Small Business Credit Initiative), came out of the jobs act in 2010 where federal funds were allocated to states to use for financing programs. $9.7 million was allocated for this fund to North Dakota, it was created through a 38 city consortium and originally it was run through Mandan with the Lewis and Clark Group running the loan program. The program requires support of the project by the city it will be implemented in. Other cities have the City Commission or Council provide the support letters. Mandan, for example, has the applicant provide a letter to the city that has their business description, project description and an explanation of what the benefits are to the community (investments, jobs, is it an expansion, is it a start-up), the city would then provide a letter of support to the group. The EDC at this time does not have standards in place for approving letters and they are still working on standards and the best process to go about approving companies.

Jim Gilmour asked should this be the process. Should the company go to the city and then to the commission or should we ask the commission to delegate the approval to this committee or delegate the approval to the Mayor.

Dave Piepkorn said if it is tax development it should go to our committee. However it should be vetted before it gets to the committee.

John Cosgriff asked about the Federal funds and what part originally did Fargo see participants in.

John Machacek said it was pretty low. Originally the funds were federal and they had to be turned over a number of times, before they were no longer federal and it has been through that turnover, so the federal part is no longer vital. John said more promotion of the program should be done and it would be nice to see more activity here.

John Cosgriff suggested that the Growth Initiative Fund would be the best place to promote this fund with businesses in the area.

John Machacek is one of the 38 members that would be able to shut down the program and disperse the money to the cities.

Jessica Eberling said she looks at it and doesn't see a direction of strategy on how to implement it or any framework or structure to base it on. She would like to see something along these lines before implementation starts.

John Machacek explained other cities haven't figured out their rules or strategies yet either. He does agree it would be easier if there was criteria in place.

Dave Piepkorn suggested to keep it on the agenda and keep working on it.

Mayor Tim Mahoney said he feels bad that Chelsey Steinlicht of Bright Future Learning Center has come to us asking for an endorsement for a business she would like to expand, she is the only one who has applied for

this money and the loan money is just sitting there. He understands that we should have policy in place but was wondering if we could give Chelsey a letter of recommendation.

Jim Gilmour said that the amount of loan money is limited and if we spend 6 months deciding on strategies the money could all be gone.

John Cosgriff suggested that we could give her the letter and decide the strategy going forward.

John Cosgriff motioned to approve a letter, Jessica Eberling seconded. Motion carried.

Dave Piepkorn adjourned the meeting at 1:52 pm.

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 PRx Performance
2. Address of project 4125 24th Ave N
   City Fargo County Cass
3. Mailing address of project operator 2402 8th Ave N
   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 Identifi cation 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 12/17/2013 North Dakota
8. Name and title of individual to contact Mike Harlan
   Mailing address 2402 8th Ave N
   City, State, Zip Fargo, ND 58102 Phone No. 701-566-0452

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**			
_____	Number of years	2022	Beginning year	2031	Ending year
_____	Percent of exemption	10	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

~~Lots 1, 2, 3, 4, 5 Block 3 Laverne's Addition, Cass County, Fargo ND~~

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

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
☐ Yes ☐ No

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

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

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application 09/01/20

b. Description of project to be constructed including size, type and quality of construction
140,000 sq ft headquarters, industrial, and a 30,000 Sq ft manufacturing facility for a total of 170,000 sq ft.
Steel or concrete construction.

c. Projected number of construction employees during the project construction 75-100

14. Approximate date of commencement of this project's operations September 2021

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

a. Land ..... $ 1,264,105

b. Existing buildings and structures for which an exemption is claimed ..... $ 0

c. Newly constructed buildings and structures when completed ..... $ 10,200,000

d. Total ..... $ 11,464,105

e. Machinery and equipment ..... $ 3-5,000,000

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

a. Land (not eligible) ..... [redacted]

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

c. Newly constructed buildings and structures when completed ..... $ 573,205 510,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c) ..... $ 573,205 510,000

e. Enter the consolidated mill rate for the appropriate taxing district 275.32

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... $ 157,815.00 140,413

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).

PRx is primarily an e-commerce business that ships to customers across all 50 states and is currently one of FedEx's largest clients in the Fargo area. We are in the process of launching in Europe within the next year. Products consist of: steel weight lifting racks, steel rack accessories, barbells, dumbbells, and other fitness related products. Most steel products are sourced from local manufacturers as individual pieces which are assembled/kitted/boxed onsite for order fulfillment and shipping.

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

Pallet racking system to house all product inventory. Workstations will be installed for product assembly/kitting. Several forklifts will be purchased for use in daily operations. Conveyer belt system in second phase of expansion for product picking proces, Tube Lasers, Powder Coat set up and Brake Press.

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	42,000,000	46,666,667	51,851,852	57,613,169	64,014,632
Annual expense	37,380,000	41,533,333	46,148,148	51,275,720	56,973,022
Net income	4,620,000	5,133,334	5,703,704	6,337,449	7,041,610

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
50			57	21	17	4	

Year		(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1)	50	73	96	117	138	149
	(2)						
Estimated payroll	(1)	2,017,94	3,990,00	4,433,32	4,925,92	5,473,25	6,081390
	(2)						

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☑ No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?

☑ Yes ☐ No

24. Has the project operator or any officers of the project received any prior property tax incentives? ☐ Yes ☑ No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).

~~Current location is: 2402 8th Ave N, Fargo ND~~

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, Mike Harlan, 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	Title	Date
	Project Manager	7/13/20

PILOT Application: PRx Performance
Schedule : Question 9 - Amount of Annual Payments

	% of Tax	Amount	
Year 1-5		$0.00	
Year 6	10%	$ 15,781.50	$14,041
Year 7	30%	$ 47,344.50	$42,124
Year 8	50%	$ 78,907.50	$70,207
Year 9	70%	$ 110,470.50	$98,289
Year 10	90%	$ 142,033.50	$126,372

Exemption Evaluation Calculator 2020			**102.9**
Financial Business Systems			**Points**
Project Type Code (Ctrl-C to view)		1	**38.0**
Current Number Of Employees		50	
Hourly Salary Without Benefits	**# Jobs**		
Under $13.00	0		
$13.01-$15.00	13		
$15.01-$20.00	5		
$20.01-$28.00	4	Pts. For # Jobs->	**15.0**
$28.01-$35.00	1	Pts. For $ Jobs->	**4.9**
Over $35.00	0		
TOTAL # OF JOBS CREATED	**23**		
% GI w/ Local Competition (not downtown)		0%	**25.0**
Value of Proposed Buildings		$ 10,200,000	**20.0**
Downtown Location (Y/N)		N	**0.0**
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	**0.0**
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	**0.0**
Number of Years (Exemption)		10	
Building Age (if substantial renovation)		0	**0.0**
RECOMMENDATION IS TO		**APPROVE**	
Description	Manufacturing		
Estimated New Annual Payroll		$826,800	
Estimated Annual Real Estate Tax		$140,413	
Estimated PV of Exemption		$1,111,050	
Payroll / PV of Exemption		0.7	
Property Value / # of Jobs		$ 443,478	

PRx Performance 2020	
Project Operator	PRx Performance
Parcel Number	01-8695-02500-000
Address	4125 24 Ave N
Date Application Received	7/13/2020
1st Publication Date	
2nd Publication Date	
TRC Meeting Date	7/28/2020
Commission Hearing Date	
Notice Delivery To School/County	
School/County 30-Day Response	
Exemption Type	PILOT
Estimated Improvements Value	$10,200,000
Building Value to Remain Taxable	$0
Estimated Land Value	$1,045,000
County Share of Levy (%)	17.8%
Anticipated Tax Growth	0.0%
Current Mill Levy	275.32
Number of Years Granted	32
Discount Rate (for Present Value)	4.50%
Total Gross Estimated Benefit	$1,053,099
Present Value of Benefit	$556,000

Year	% Bd Ex	PILOT Pymt	Full Bldg Tax	Benefit	PV of Benefit	PILOT & Land Tax
2022	100%	$0	$140,413	$140,413	$134,400	**$14,385**
2023	100%	$0	$140,413	$140,413	$128,600	**$14,385**
2024	100%	$0	$140,413	$140,413	$123,000	**$14,385**
2025	100%	$0	$140,413	$140,413	$117,700	**$14,385**
2026	100%	$0	$140,413	$140,413	$112,700	**$14,385**
2027	90%	$14,041	$140,413	$126,372	$97,000	**$28,427**
2028	70%	$42,124	$140,413	$98,289	$72,200	**$56,509**
2029	50%	$70,207	$140,413	$70,207	$49,400	**$84,592**
2030	30%	$98,289	$140,413	$42,124	$28,300	**$112,675**
2031	10%	$126,372	$140,413	$14,041	$9,000	**$140,757**
TOTALS		$351,033	$1,404,132	$1,053,099	$872,300	$365,418
Building Tax To Remain		$0	Current Land Tax	$14,385		

County % PLT	County Addl PILOT	Co Share Impr Tax	Full Impr Net Tax	Benefit	PILOT & Tax
$0	$20,580	$20,580	$115,634	$95,054	**$34,965**
$0	$20,580	$20,580	$115,634	$95,054	**$34,965**
$0	$20,580	$20,580	$115,634	$95,054	**$34,965**
$0	$20,580	$20,580	$115,634	$95,054	**$34,965**
$0	$20,580	$20,580	$115,634	$95,054	**$34,965**
$2,499	$18,081	$20,580	$115,634	$83,512	**$46,508**
$7,497	$13,083	$20,580	$115,634	$60,427	**$69,592**
$12,495	$8,085	$20,580	$115,634	$37,343	**$92,677**
$17,493	$3,087	$20,580	$115,634	$14,258	**$115,762**
$22,491	($1,911)	$20,580	$115,634	($8,826)	**$138,846**
If County Opted To Not Participate					

CALCULATION OF ADDITIONAL TAX DUE TO COUNTY

Land Value	Improvent Value	Year	Mill Levy	CO Levy	%	Full Impr Net Tax	Co Share Impr Tax
$1,045,000	$8,400,000	**2022**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2023**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2024**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2025**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2026**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2027**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2028**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2029**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2030**	275.32	49.00	17.8%	$115,634	$20,580
$1,045,000	$8,400,000	**2031**	275.32	49.00	17.8%	$115,634	$20,580

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

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 AdShark Ventures, LLC
2. Address of project 5601 34 AVE S
   City Fargo County Cass
3. Mailing address of project operator 503 7th St N Ste 104
   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. Don't have yet
6. North Dakota Sales and Use Tax Permit No. NA
7. If a corporation, specify the state and date of incorporation _____
8. Name and title of individual to contact Richard Berg
   Mailing address 503 7th St N Ste. 104
   City, State, Zip Fargo, ND 58102 Phone No. 701-430-1983

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

24734
(Rev. 2/14)

11. Legal description of project real property

Two acres on the west side (bordering Veteran's Blvd) of 5601 34 Ave S, Fargo, ND.
To be split from parcel 01-8519-00200-000

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

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
☐ Yes ☐ No

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

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

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application 9/1/2020

b. Description of project to be constructed including size, type and quality of construction
10,000 square feet of class "A" office space

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

14. Approximate date of commencement of this project's operations 3/1/2021

15. Estimated market value of the property used for this project: 1,045,000

a. Land ..... $ 785,000

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

c. Newly constructed buildings and structures when completed ..... $ 2,000,000

d. Total ..... $ 2,785,000

e. Machinery and equipment ..... $ _____

Land Tax $14,385

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

a. Land (not eligible) ..... [redacted]

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

c. Newly constructed buildings and structures when completed ..... $ 100,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c) ..... $ 100,000

e. Enter the consolidated mill rate for the appropriate taxing district 275.32

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... $ 27,532.00

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 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).

ECommerce and lead generation services. We utilize online user-data, internet-based platforms, website development, and conversion rate optimization to drive sales and new customer growth for eCommerce and lead-based businesses. Plans to expand services into video and currently working on developing an eCommerce product feed management SAAS. While most of our services would be considered under the marketing umbrella our unique service offerings, data-driven approach, and eCommerce focus makes us vastly different from any other companies in the Fargo or even North Dakota regions. I consider our nearest competitors to be in Minneapolis or Duluth.

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

Building would be comprised of mostly office space but would include a kitchen, multiple conference rooms, offices, quiet working spaces, common area, activity room and photo/video studio.

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	3000000	3500000	4000000	4600000	5400000
Annual expense	2650000	3100000	3500000	400000	4600000
Net income	350000	400000	500000	600000	800000

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
15					5		

Year		(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1)	15	20	25	31	38	46
	(2)						
Estimated payroll	(1)	820,000	1,080,000	1,350,000	1,668,000	2,039,000	2,463,000
	(2)						

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☑ No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?

☐ Yes ☑ No

24. Has the project operator or any officers of the project received any prior property tax incentives? ☐ Yes ☑ No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).

_____

_____

Business Competition

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

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

_____

_____

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

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, Richard Berg, 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.

Rick Berg	CEO	07 / 14 / 2020
Signature	Title	Date

NORTH Dakota | Commerce

Be Legendary.™

March 5, 2020

Rick Berg
AdShark Marketing LLC
503 7th St. N, Ste. 104
Fargo, ND 58102

Dear Rick:

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, **AdShark Marketing LLC**, 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 3/5/2024).

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

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

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

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

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

Sincerely,

James Leiman, Director
Economic Development & Finance Division

1600 E Century Avenue, Suite 2 | P.O. Box 2057 | Bismarck, ND 58502-2057

PHONE: 701-328-5300 | TOLL-FREE: 1-866-4DAKOTA | ND RELAY TTY: 1-800-366-6888 | VOICE: 1-800-366-6889 | NDCommerce.com

Exemption Evaluation Calculator 2020			**87.5**
AdShark Ventures LLC			**Points**
Project Type Code (Ctrl-C to view)		9	**38.0**
Current Number Of Employees		15	
Hourly Salary Without Benefits	**# Jobs**		
Under $13.00	0		
$13.01-$15.00	0		
$15.01-$20.00	0		
$20.01-$28.00	5	Pts. For # Jobs->	**6.0**
$28.01-$35.00	0	Pts. For $ Jobs->	**6.0**
Over $35.00	0		
TOTAL # OF JOBS CREATED	**5**		
% GI w/ Local Competition (not downtown)		0%	**25.0**
Value of Proposed Buildings		$ 2,000,000	**12.5**
Downtown Location (Y/N)		N	**0.0**
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	**0.0**
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	**0.0**
Number of Years (Exemption)		5	
Building Age (if substantial renovation)		0	**0.0**
RECOMMENDATION IS TO		**DENY**	
Description		Tech Research	
Estimated New Annual Payroll		$249,600	
Estimated Annual Real Estate Tax		$46,725	
Estimated PV of Exemption		$202,295	
Payroll / PV of Exemption		1.2	
Property Value / # of Jobs		$ 400,000	

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 Access Point Technologies EP Inc.
2. Address of project 4837 Amber Valley Parkway
   City Fargo County Cass
3. Mailing address of project operator 12560 Fletcher Lane, Suite 300
   City Rogers State MN Zip 55374
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.
7. If a corporation, specify the state and date of incorporation MN Corporation as of 25 November 2015
8. Name and title of individual to contact Sean Carroll, President
   Mailing address 12560 Fletcher Lane Suite 300
   City, State, Zip Rogers, MN 55374 Phone No. 763-432-9004

Project Operator's Application For Tax Incentives

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

   ☑ **Property Tax Exemption**
   5 Number of years
   100 Percent of exemption

   ☐ **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

24734
(Rev. 2/14)

Description of Project Property

11. Legal description of project real property

~~Lot Three (3) in Block One (1) of PRACS Addition to the City of Fargo, County of Cass and State of North Dakota.~~

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

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

14. Approximate date of commencement of this project's operations September 1, 2020

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

a. Land ..... $

b. Existing buildings and structures for which an exemption is claimed ..... $ 417,340

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

d. Total ..... $ 417,340

e. Machinery and equipment ..... $

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

a. Land (not eligible) ..... [redacted]

b. Eligible existing buildings and structures ..... $ 20,867

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

d. Total taxable valuation of property eligible for exemption (Add lines b and c) ..... $ 20,867

e. Enter the consolidated mill rate for the appropriate taxing district 275.32

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... $ 5,745.10

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 ☐ Wholesaling ☐ Manufacturing ☐ Warehousing ☐ Retailing ☐ 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).

The company developes medical devices for the electrophysiology market. The Fargo office will focus on R&D of a novel catheter ablation system for the treatment of arrhythmias and other diseases using cryo energy. The system will consist of an electromechanical/software control console and sterile single use catheters. The Fargo office will initially focus on the design, development and testing of the control console leading to console manufacturing.

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

Labratory and electromechanical test equipment will be used in addition to brazing and welding equipment for the construction of the console. We may install a cleanroom space for building prototype catheters in the Fargo facility as well as manufacturing equipment for the console.

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	0	272,000	4,950,000	10,406,000	15,302,000
Annual expense	967,000	987,000	4,948,000	6,352,000	8,488,000
Net income	-967,000	-715,000	2,000	4,055,000	6,814,000

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
0							4

Year		(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1)	0	4	8	10	12	14
	(2)	0	0	2	3	3	4
Estimated payroll	(1)	0	340,000	680,000	850,000	1,020,000	1,190,000
	(2)	0	0	60,000	90,000	90,000	120,000

(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, Sean Carroll, 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	Title	Date
Sean Carroll	Company President	07/21/2020

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

NORTH Dakota | Commerce

Be Legendary.™

October 10, 2019

Sean Carroll
Access Point Technologies EP Inc
12560 Fletcher Lane
Rogers, MN 55374

Dear Sean:

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, **Access Point Technologies EP Inc**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** (expires 10/9/2023).

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

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

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

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

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

Sincerely,

James Leiman, Director
Economic Development & Finance Division
North Dakota Department of Commerce

Exemption Evaluation Calculator 2020			**80.5**
Access Point Technologies EP Inc.			**Points**
Project Type Code (Ctrl-C to view)		9	**38.0**
Current Number Of Employees		0	
Hourly Salary Without Benefits	**# Jobs**		
Under $13.00			
$13.01-$15.00			
$15.01-$20.00			
$20.01-$28.00		Pts. For # Jobs->	**0.0**
$28.01-$35.00		Pts. For $ Jobs->	**10.0**
Over $35.00	4		
TOTAL # OF JOBS CREATED	**4**		
% GI w/ Local Competition (not downtown)		0%	**25.0**
Value of Proposed Buildings		$ 417,340	**7.5**
Downtown Location (Y/N)		N	**0.0**
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	**0.0**
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	**0.0**
Number of Years (Exemption)		5	
Building Age (if substantial renovation)		0	**0.0**
RECOMMENDATION IS TO		**DENY**	
Description		Tech Research	
Estimated New Annual Payroll		$299,520	
Estimated Annual Real Estate Tax		$9,750	
Estimated PV of Exemption		$42,213	
Payroll / PV of Exemption		7.1	
Property Value / # of Jobs		$ 104,335	