

FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, October 27, 2020 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee Meeting Minutes of 9/22/2020 & 9/28/2020**
 - a. September 22, 2020 [Page 1-2]
 - b. September 28, 2020 [Page 3-4]
- 2. Application for PILOT for EagleRidge Development**
 - a. Application for PILOT [Page 5-13]
- 3. Application for TIF for EOLA (“But-For” Test)**
 - a. TIF [Page 14-32]

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting**Tuesday, September 22, 2020**

The September 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, September 22, 2020.

The committee members present or absent are:

Present: Dave Piepkorn, Bruce Grubb, Jim Gilmour, James Haley (representing Mike Splonskowski), Jim Buus

Absent: Mayor Tim Mahoney, Kent Costin, Jessica Ebeling, John Cosgriff, Jackie Gapp, Levi Bachmeier, Erik Johnson, Joe Raso

Commissioner Piepkorn called the meeting to order at 1:02 p.m.

A quorum was not present at the meeting. It was decided that the presentations would be presented and another meeting would be held for voting purposes. Date to be determined.

Application for PILOT for Aldevron, LLC

Jim Gilmour explained this is an application for Aldevron that would be located on the corner of 30th Ave South and University. This is an expansion that will create additional jobs. Aldevron has received two PILOT's in the past for expansions and they have exceeded expectations both times. In 2016 they projected to add 85 employees in the next five years and actually added 192 jobs in three years. In 2019 they expected to add 105 jobs in five years and actually added 117 jobs in one year. For this application they expect to add 51 employees over the next five years. There would be no property taxes for years 1-5 except for the land, years 6-10 they would pay half of what they would normally pay with a 2% escalator on that.

Troy Brendemuhl the Controller from Aldevron described Aldevron as a Bio-manufacturing Company that was founded about 22 years ago in Fargo. They manufacture DNA, MRNA and proteins at different quality levels. This project will be a research grade, R & D facility. It is an existing facility that will be fit up to manufacture the research grade. They project going live in the facility in the second quarter of next year. The jobs added will be scientists, operators in the labs, quality control individuals and some management level positions. The research grade is the lowest level. Some companies (as customers) start with research level and then move up to other levels.

Application for TIF for River Lofts

Austin Morris, Managing Partner of Enclave, said that this is a very special site that has been worked on for a number of years with many challenges. It would be a mixed residential site that will include 117 apartment units on floors one through three, 14 top floor condominiums, 220 on-site parking spaces including 145 underground to fully accommodate all residents, clubroom, fitness center, roof top patio, bike storage and pet spa. The neighborhood requested the condo's because they felt it would promote homeowner attentiveness. The project is located in the Oak Grove neighborhood at 505 Oak Street North. The site has challenging soil that will need remediation before the project can begin. A dike has also been included in the plan. All the units have either a riverfront view or a view of Wildflower Park.

Matt Schnackenberg of PFM Financial Advisors, LLC, stated they are looking at \$4.4 million in costs for this project. Policy #8 limits the TIF assistance to 15% of the hard constructions costs. Based on the developers pro forma that was \$21.6 million which results in \$3.2 million as the max TIF amount that could be received.

Policy #8 also states that the developer must provide at least 10% of total capital costs which has been exceeded. Because of the condo units this one is a little bit different. They will be financing \$19.5 million, however after a couple of years the plan is to take much of the sales revenue from the condos and reduce the principle on the loan amount to reduce the annual principle and interest payments. An estimated \$4.9 million would be paid to the principle, reducing their principle and interest payments quite a bit and help with the cash flow of this project. Matt does see some risk involved especially with the condos. However he thinks it should have a reasonable rate of return of 13-20% so they are on the lower end of risk. PFM concluded that without public assistance this project would not be feasible.

Jesse Craig owner of Craig Properties, stated that KLJ has been the agency that constructed plans for the levee to make sure it meets all the requirements. The levee is a requirement of the city, without the levee there could not be any new construction on the site. There is also 14-16 feet of rubble that has been dumped there over decades that has to be removed. Currently, about \$22,000 a year in taxes is collected on the entire block.

Dave Piepkorn adjourned the meeting at 1:43 pm.

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Special Meeting

Monday, September 28, 2020

The September special 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 11:30 a.m., Monday, September 28, 2020.

The committee members present or absent are:

Present: Dave Piepkorn, Bruce Grubb, Mayor Tim Mahoney, Kent Costin, John Cosgriff, Jim Buus, Jim Gilmour, Mike Splonskowski

Absent: Jessica Ebeling, Jackie Gapp, Levi Bachmeier, Erik Johnson, Joe Raso

Commissioner Piepkorn called the meeting to order at 11:30 a.m.

A motion was made by Bruce Grubb to approve the minutes from the August meeting held on August 25, 2020. Kent Costin seconded, motion carried.

Application for PILOT for Aldevron, LLC

Jim Gilmour stated the location is at 30th Avenue South and University, it would create 51 additional jobs. Aldevron projected a year ago they would add 105 jobs over 5 years and actually had 117 jobs over a year. In 2016 they projected 85 jobs over 5 years and actually added 192 jobs in 3 years. The application for taxes is \$0 dollars for years 1-5 and 50% of the estimated value in year 6 with that increasing 2% a year through year 10. Year 11 they would be back to full taxes.

Troy Brendemuhl explained that the existing building would need to be gutted and revamped so they can do bio-manufacturing at the research level. There is a range of jobs from scientists to quality control to managers and supervisors.

Mayor Tim Mahoney moved to approve, Kent Costin seconded, motion carried.

Application for TIF for River Lofts

Jim Gilmour explained there are a lot of extraordinary costs that go along with developing this site, from clean up to a levee. The financial advisor stated the most they would be able to receive is \$3,589,000, even at that rate they do meet the, but-for test. Without this there is no bank in the world that would give them a loan for this. It is still a high risk project. There was concern they weren't meeting policy #8, however there will be a remnant piece of land that will benefit from the improvements and Jesse Craig is planning to construct eight to ten townhomes on that which will add another \$2 million of investment, with that added in it would meet policy #8. The other factor is they are taking on a flood protection dike that will benefit the neighborhood. Currently there is

an emergency levee that is put in during emergencies, the permanent levee would eliminate the need for that.


Mayor Tim Mahoney moved to approve, Jim Buus seconded, motion carried.

Dave Piepkorn adjourned the meeting at 11:43 a.m.



MEMORANDUM

TO: TAX EXEMPT REVIEW COMMITTEE

FROM: JIM GILMOUR, STRATEGIC PLANNING DIRECTOR 

DATE: OCTOBER 21, 2020

SUBJECT: EAGLE RIDGE PILOT REQUEST

Eagle Ridge Development has submitted a PILOT application for a mixed-use development that includes 372 residential units, 30,720 square feet of commercial space and 468 parking stalls. The request is for a 100% tax exemption for 8 years and partial tax exemption for an additional 7 years.

Fargo policy for tax exemptions provides for consideration of a PILOT tax exemption for "Significant Commercial Construction" (see page 11 of the policy). According to policy, the application must comply with at least one of five factors. This application partially meets two of the requirements, but falls short on both.

One of the conditions is providing at least 40,000 square feet of Class A office space. This project provides 32,720 square feet of commercial space.

Another condition is to provide "small living units or element of affordability." The project would provide 52 efficiency apartments; however, rent would be \$995 a month.

Review of the application would require a "but for" financial review. I have not ordered this financial review because there should first be some discussion on if the application meets the minimum requirements of the policy.

The first question for the Committee: Does the application meet the conditions of the City of Fargo policy as a "Significant Commercial" project? If so, then the City should move forward with submitting the financial information to our financial advisor for review.

Attachments

New or Expanding Industry Exemption / Payment In Lieu Of Tax Policy and Guidelines

Significant Commercial Construction/Renovation

Private development of non-housing or mixed use projects with both housing and commercial use consisting of major building renovations or substantial new construction are eligible for a maximum of the following:

- Years 1 through 10 – 100% of the improvement value
- Years 11 through 15 – 75% of the improvement value

Projects will include a “but for” review to determine if the incentive is necessary to make the project financially feasible. They will be evaluated to determine if the project will bring added commerce activity to benefit other businesses. Analysis will also be done to determine if the incentive will provide an unfair advantage over existing businesses. Total investment must be in excess of \$8,000,000.

Project must comply with at least one of the following:

- Significant new building construction of at least 40,000 square feet, equivalent in quality to Class A office with high quality exterior finish.
- Building is over 50 years old and complies with historic preservation standards.
- Renovation is greater than 50% of the current value of the building.
- Project complies with historic preservation standards
- Provides small living units or element of affordability.

Manufacturing or Processing a Product From An Agricultural Commodity

- Years 1 through 10 – 100% of the improvement value

Additional Policy and Procedure Guidelines

Except in cases of assistance for housing, a business incentive agreement must accompany an application for incentives that are valued at \$25,000 or more in any given year. The agreement describes the type and value of the incentive as well as stated goals to be met. Periodic reporting will required of the recipient to monitor the stated goals.

Reporting will no longer be required once the goal has been met.

The stated goal may be extended for up to two years if it is determined circumstances made achievement impossible. If, after extending two years and it is determined a decrease in goals is justified, the goals may be decreased after a public hearing.

If not extended or reduced and the goal has not been met, the recipient must pay back the amount of incentive granted, prorated to reflect partial fulfillment.



EagleRidge Development
3280 Veterans Boulevard, Suite 300
Fargo, ND 58104
eagleridgedevelopment.com
701-540-7159

September 17, 2020

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

Dear Jim Gilmour:

Please find EagleRidge Development's Payment in Lieu of Taxes application for Bentley Place Properties, LLC on Dropbox. Contained in this file, you will find the following documents:

- PILOT Application
- Financial Information
- Architectural Plans
- Landscape Plans
- Renderings

All financial, architectural, and landscaping information should be considered proprietary, non-public information.

EagleRidge Development is proposing 4 mixed use buildings located at 5601 33rd Avenue South in Fargo. This \$78 Million project will consist of 372 residential units, 30,720 square feet of commercial space, and approximately 468 covered parking stalls.

Please let me know if you have any questions or need any additional information. Thank you for your consideration.

Sincerely,



Jim Bullis
President/CEO



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 Bentley Place Properties, LLC
2. Address of project 5601 33 Ave S
City Fargo County Cass
3. Mailing address of project operator 3280 Veterans Blvd, Suite 303
City Fargo State ND Zip 58104
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 North Dakota
8. Name and title of individual to contact James R. Bullis
 Mailing address 3280 Veterans Blvd, Suite 300
 City, State, Zip Fargo, ND 58104 Phone No. 701-936-8087

Project Operator's Application For Tax Incentives

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

<input type="checkbox"/> Property Tax Exemption _____ Number of years <u>2024</u> _____ Percent of exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes Beginning year <u>2039</u> Ending year _____ Amount of annual payments (attach schedule if payments will vary)
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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 Six, Block One, Bentley Place First Addition to the City of Fargo, situate in the County of Cass, 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? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application 04/2021

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

A 4 building mixed use project with residential units, commercial spaces, a public plaza, and structured parking components.

c. Projected number of construction employees during the project construction 110 per building

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

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

a. Land.....\$ 2,800,000

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

c. Newly constructed buildings and structures when completed\$ 75,200,000

d. Total\$ 78,000,000

e. Machinery and equipment\$ 0

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

a. Land (not eligible)

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

c. Newly constructed buildings and structures when completed.....\$ 3,760,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c).....\$ 3,760,000

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)\$ 1,170,000.00

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).

The activities will include leasing commercial space and residential apartments.

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

Not Applicable

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

	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
Year (12 mo. periods)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>3,669,382</u>	<u>5,971,919</u>	<u>6,061,497</u>	<u>6,152,420</u>	<u>6,244,706</u>
Annual expense	<u>807,564</u>	<u>831,791</u>	<u>856,745</u>	<u>882,447</u>	<u>908,920</u>
Net income	<u>2,861,818</u>	<u>5,140,128</u>	<u>5,204,753</u>	<u>5,269,973</u>	<u>5,335,786</u>

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

Current positions & positions added the initial year of project

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

Year	(Before project)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>N/A</u>					
	(2) _____					
Estimated payroll	(1) <u>N/A</u>					
	(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).
~~N/A - New Project on this Location~~

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, James R. Bullis, 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.

 President/CEO
Signature Title

9/17/2020
Date

EagleRidge Plaza Mixed Use - Bentley Place Properties, LLC

Project Value \$ 71,867,200
 Current Value \$ 5,346,000
 Mills 275.32

	Current Taxes	New Taxes	Abatement	Proposed Schedule
Year 1	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 2	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 3	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 4	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 5	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 6	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 7	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 8	\$ 37,456.29	\$ -	100%	\$ 37,456.29
Year 9	\$ 37,456.29	\$ 292,500.00	75%	\$ 329,956.29
Year 10	\$ 37,456.29	\$ 292,500.00	75%	\$ 329,956.29
Year 11	\$ 37,456.29	\$ 585,000.00	50%	\$ 622,456.29
Year 12	\$ 37,456.29	\$ 585,000.00	50%	\$ 622,456.29
Year 13	\$ 37,456.29	\$ 877,500.00	25%	\$ 914,956.29
Year 14	\$ 37,456.29	\$ 877,500.00	25%	\$ 914,956.29
Year 15	\$ 37,456.29	\$ 1,053,000.00	10%	\$ 1,090,456.29



MEMORANDUM

TO: TAX EXEMPT REVIEW COMMITTEE

FROM: JIM GILMOUR, STRATEGIC PLANNING DIRECTOR 

DATE: OCTOBER 21, 2020

SUBJECT: TAX INCREMENT FINANCING (TIF) REQUEST FOR ANDERSON FIELD DEVELOPMENT

EPIC Companies has submitted a TIF application that includes commercial spaces, apartments and condominiums. EPIC estimates the value of the project at \$150 million.

The \$20 million TIF request is for a four-acre park, a parking ramp, youth facilities and support for senior affordable housing within this development.

Fargo TIF policy requires that a mixed-use development meet at least 7 of 11 objectives. This project meets 6 of the criteria, and possibly two others depending on the specific commercial tenants.

The first step for this application is for preliminary review by the City Commission. If the City Commission directs a financial review, that review and this application would be sent to you for a recommendation.

If you do have questions on the project, let me know and I will obtain that information from the developer.

Attachments

Tax Increment Financing Policy

1. Policy Purpose

The purpose of this policy is to establish the City of Fargo's (City) position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of TIF in Fargo is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Fargo is granted the power to utilize TIF by the Tax Increment Financing Act. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

2. Objectives of Tax Increment Financing

As a matter of adopted policy, the City will consider using TIF to assist development projects to achieve one or more of the "City Objectives" listed in the evaluation criteria section of this policy.

3. Designated Redevelopment Areas

In order to maximize the ability of the City to meet its redevelopment goals, the City may designate redevelopment areas. In order to designate a redevelopment area, a plan for the redevelopment area will:

- Document existing conditions;
- Describe the plan for the future, and;
- Outline activities needed to implement the plan

Designation of the Redevelopment may occur in two ways.

- The designation may be at the request of a property owner and/or developer that has a proposed redevelopment plan.

Tax Increment Financing Policy

- The designation may be initiated by the City Commission for an area where the City would like to see development, and then work with property owners within the TIF district to implement projects consistent with the development plan.

4. City of Fargo Policies for the Use of TIF

These policies are to provide guidance to developers who are considering making a request for TIF funding, and to guide City Commission decisions in the development of renewal plans and development agreements. When renewal plans are initiated by the City, not all of these policies are applicable to those plans.

Policy #1

When undertaking a redevelopment project on a defined parcel(s) of land, slum or blighted conditions on a portion of the property or properties should exist. A City Commission declaration of underdeveloped property for the purposes of using TIF assistance will outline activities needed to implement the redevelopment.

Policy #2

When undertaking a redevelopment or development project on an underdeveloped parcel(s) of land, a TIF exemption or TIF revenue note will be the preferred method of providing assistance directly to a developer. Exceptions to this rule will be considered by the City Commission and be based on reasons that can be documented by the developer and confirmed after review by the City's bond consultant.

Policy #3

When undertaking a redevelopment or development project using a TIF exemption or TIF revenue note, the length of the term of this note is limited to 15 years.

Policy #4

The length of a TIF may extend beyond 15 years when used for city infrastructure, public parking, or community development efforts, such as, affordable housing, replacement housing, public space, and public art.

Policy #5

To the extent required by state, federal, or local law or regulations, a relocation plan should be provided in the development or renewal plan. When undertaking a redevelopment project on underdeveloped parcel(s) of land, relocation payments to

Tax Increment Financing Policy

tenants of businesses or residential uses must be made. These relocation payments must follow state and federal guidelines, as applicable, for assistance.

Policy #6

Land acquisition or land write-down costs must meet the requirements outlined as follows:

1. The eligible costs recouped to the developer shall be evaluated in a case-by-case basis, but the maximum should be the lesser of:
 - a. The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
 - b. The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

Policy #7

With respect to non-blighted, or non-slum development or redevelopment, eligible costs, as stated in state law, are limited to the following:

- A. The cost of acquiring, or the market value, of all or part of the industrial or commercial property;
- B. Costs of demolition, removal, or alteration of buildings and improvements on the industrial or commercial property, including the cost of clearing and grading land;
- C. Costs of installation, construction, or reconstruction of streets, utilities, parks, and other public works or improvements necessary for carrying out the development or renewal plan; and
- D. All interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality to provide funds for the payment of eligible public costs of development.

Policy #8

TIF assistance to the developer should be limited to a percentage of up to 15% of hard capital costs of development including the costs of property acquisition, and public facilities. In other words, The TIF assistance will equal or be less than 15% of hard construction costs including the land acquisition costs, hard capital costs excluding the costs of professional fees, developer fees, furniture and fixtures, interest, profit, and other

Tax Increment Financing Policy

soft costs. In addition, the developer must provide at least 10% of total capital costs as developer's equity in the project.

The limit of 10% may be exceeded if the project will include a community development purpose, for example, accepting lower rates of return to provide affordable housing, or other public benefits. Examples:

1. Direct investment in public or free publicly accessible private spaces.
2. Direct and ongoing investment in public art.
3. Development of affordable or replacement housing.
4. City equity treated equally to other investor equity with City returns to be used by City for community development purpose, which should be used in the nearby neighborhoods.

Policy #9

If funds are used for a City lead project, a public-private partnership, or for public benefit, the total TIF costs may exceed the limits stated in policy #8, including but not limited to the following:

- If funds are going to pay for public parking, public infrastructure, or other public investments such as rehabilitation or provision of affordable or replacement housing in the nearby neighborhoods or areas, or other public improvement not directly related to the project.
- Affordable housing, ideally in conjunction with the use of 4% or 9% Low Income Housing Tax Credits

Policy #10 - ROI Analysis, Reasonable Assistance Requirement

When undertaking any TIF project that provides assistance to a developer, the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with the City's staff. The financial consultant must use accepted public financing procedures in determining project feasibility and levels of public assistance. Particularly when public assistance includes substantial reimbursement to the developer costs of acquisition or land write-down amounts, review of the level of public assistance may include an estimate of the return on investment anticipated by the project and analysis as to whether the expected return on investment, including the public assistance, is within reason.

Tax Increment Financing Policy

Policy #11 - Projection of Future Increments

For purposes of projecting future increments to be generated, an assumed maximum increase in valuation will be limited to two percent (2%) per annum. The exact assumptions made for projections is subject to approval by the City on a case-by-case basis.

Policy #12

When undertaking any TIF project within the City of Fargo, a non-refundable administrative fee set by schedule, must be paid by the developer after final approval of the City Commission and prior to or at the closing of the transaction. These fees are to reimburse the City for costs expended by staff and consultants to determine the feasibility, level of public assistance, and the preliminary costs of project development by the City. Other City costs such as engineering, bond carrying costs, and annual administration will be in addition to the administrative fee if warranted. To the extent that TIF assistance, including administrative fees, exceeds \$2 million the administrative fee on said excess may be negotiated to a sum of less than 5%. A non-refundable deposit, set by schedule, shall be paid to the City along with an initial application for a TIF project. The City may require additional sums to be deposited from time to time, to defray such costs initially borne by the City. Such sums may be recouped by the developer as eligible costs as may be agreed between the City and the developer and as allowed by the urban renewal law (N.D.C.C. Chapter 40-58). The non-refundable deposit and any other additional sums paid to the City will be offset against and credited towards the administrative fee.

Policy #13

Applications for TIF assistance are to be submitted to the Department of Planning and Development. The application must include a description of the project and an estimate of the level of assistance needed to proceed with the project. A checklist and application will be available from the Department of Planning and Development.

Policy #14

The redevelopment should be compatible with long-term City redevelopment plans, and create a high quality redevelopment that will have a positive impact on the tax base and the surrounding area. The developer's agreement should include design standards to ensure that the development will be compatible with the long-term plans for the area.

Tax Increment Financing Policy

Policy #15

The maximum interest rates allowed to be recouped as eligible costs will be set by schedule. The City Finance Director in consultation with the City's financial consultant will recommend the actual rate.

Policy #16 – Good standing

Applicants for TIF assistance must be in good standing with the City. Good standing means current in property taxes, utility fees, city accounts, and no significant history of unresolved code violations

Policy #17 – Post Project Review

Developers' agreements will include terms that require documentation of TIF eligible costs, allow for an audit at the discretion of the City, and require cooperation with the city staff or auditors.

On large scale projects, the City may require a review of the financial performance of the project in the future, and if the project has a significantly higher than expected return on investment, the amount of the TIF assistance may be reduced.

Policy #18

Renewal Plans may include terms that allow for the city to use a portion of the TIF revenue for the preservation or replacement lower density housing in neighborhoods adjacent to higher density housing projects. The housing plan would be outlined in the Renewal Plan.

Application & Review Process for Developer Request for TIF Assistance

1. Applicant submits letter requesting TIF support for a project. The letter shall describe the project and shall be submitted to the City Commission for preliminary review and direction authorizing staff to move forward with the application process. City Commission approval is required to proceed to application review and plan development.
2. Applicant submits the completed application along with all application fees.
3. City Staff reviews the application and completes the Application Review Worksheet. The application and supporting documentation will be submitted to the City's financial consultant for due diligence consideration.

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Allow at least three (3) weeks for due diligence review and consideration [upon submittal of a complete and approved application].

- a. As part of the application review, City staff are authorized to inquire as to the character, reputation, fitness of the applicant to engage in the project and to bear the responsibilities entailed therein, and any other pertinent information. Such inquiries may include background checks on the applicant and principles of the applicant as the case may be.
 - b. With respect to certain proprietary, commercial, and financial information that is submitted as part of the application, and review process, said information may be exempt from the North Dakota Open Records Law, Chapter 44-04, N.D.C.C., and to the extent that N.D.C.C. 44-04-18.4 allows, it is the City's intention to maintain confidentiality of such information when requested by the applicant.
 - c. In advance of submission to the City of such confidential records or information, the City and Applicant will make appropriate arrangements for the handling of such information and records to protect the confidentiality thereof.
4. The results of the financial review will be reviewed by the Finance Department.
 5. Results of the reviews are submitted to the Renaissance Zone and/or the Tax Exempt Review Committee, for recommendation.
 6. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
 7. Notices mailed and published as required.
 8. Public hearing(s) on the proposed project are held.
 9. The City Commission grants final approval or denial of the plans and development agreements.

Application & Review Process for City Initiated Renewal Plans and TIF Districts

1. Renewal Plans and TIF Districts may be proposed by any City Commissioner, the Planning Commission, the City Administration, or the Planning Department. The proposal shall include a boundary, a description of existing conditions, and general plan for development.
2. City Commission directs the preparation of the renewal plan.
3. City Staff prepares a plan for future development.

Tax Increment Financing Policy

4. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
5. Notices mailed and published as required.
6. Public hearing(s) on the proposed project are held.
7. The City Commission grants final approval or denial of the plans and tax increment financing district.

Evaluation Criteria for Assistance to Developers

The City of Fargo has established multiple objectives that should be met to qualify for Tax Increment Financing. Since there are different types of developments, the objectives for each of the development types is different. The three types of projects anticipated are:

1. Housing
2. Commercial or Industrial
3. Downtown or Mixed Use

Housing projects should meet at least 5 of the 7 objectives listed below.

- The housing development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The housing is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The project has a high quality design, exceeding the requirements of the Land Development Code.
- The project includes affordable housing, workforce housing, or includes a plan to replace some of the housing eliminated by the development
- The housing project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.

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Commercial projects should meet at least 5 of the 8 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The commercial/industrial development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project has a high quality design.

Downtown or Mixed Use (Mixed use is commercial/housing in the same development.) Projects should meet at least 7 of the 11 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The project is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- There is an adequate parking and access plan, preferably with shared parking by the different land uses.
- The development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings, or replaces surface parking.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project contains businesses that will provide needed services or goods used by adjacent land uses.



**EOLA Draft TIF Proposal
By EPIC Companies**

Purpose: EPIC Companies, in conjunction with the Fargo Park District, is pursuing a TIF district that will enhance the Fargo community and the surrounding area. This project will also help transform the 45 acre park area into a regional youth baseball complex, expand parking for hockey, curling, baseball, and the zoo along with an attraction and amenity to enhance these community facilities.

Amount: Approximately \$20,000,000

Terms: 80% of taxable value for 25 years

Taxable Value: In excess of \$150,000,000 over 5 years

TIF District: One

Phasing of Bonds: Three phases

Process: BND underwrites each phase until buildings CO, city sells bond to take out BND, transfers ownership to Fargo Park District or other designee.

Items TIF funds would be used for:

- Four acre park and one acre water feature for public use
- Parking ramp for public use and FREE
- Youth facilities / amenities for public use
- \$1.5m to \$2.0m designated for Fargo Housing Authority for senior affordable housing at EOLA.

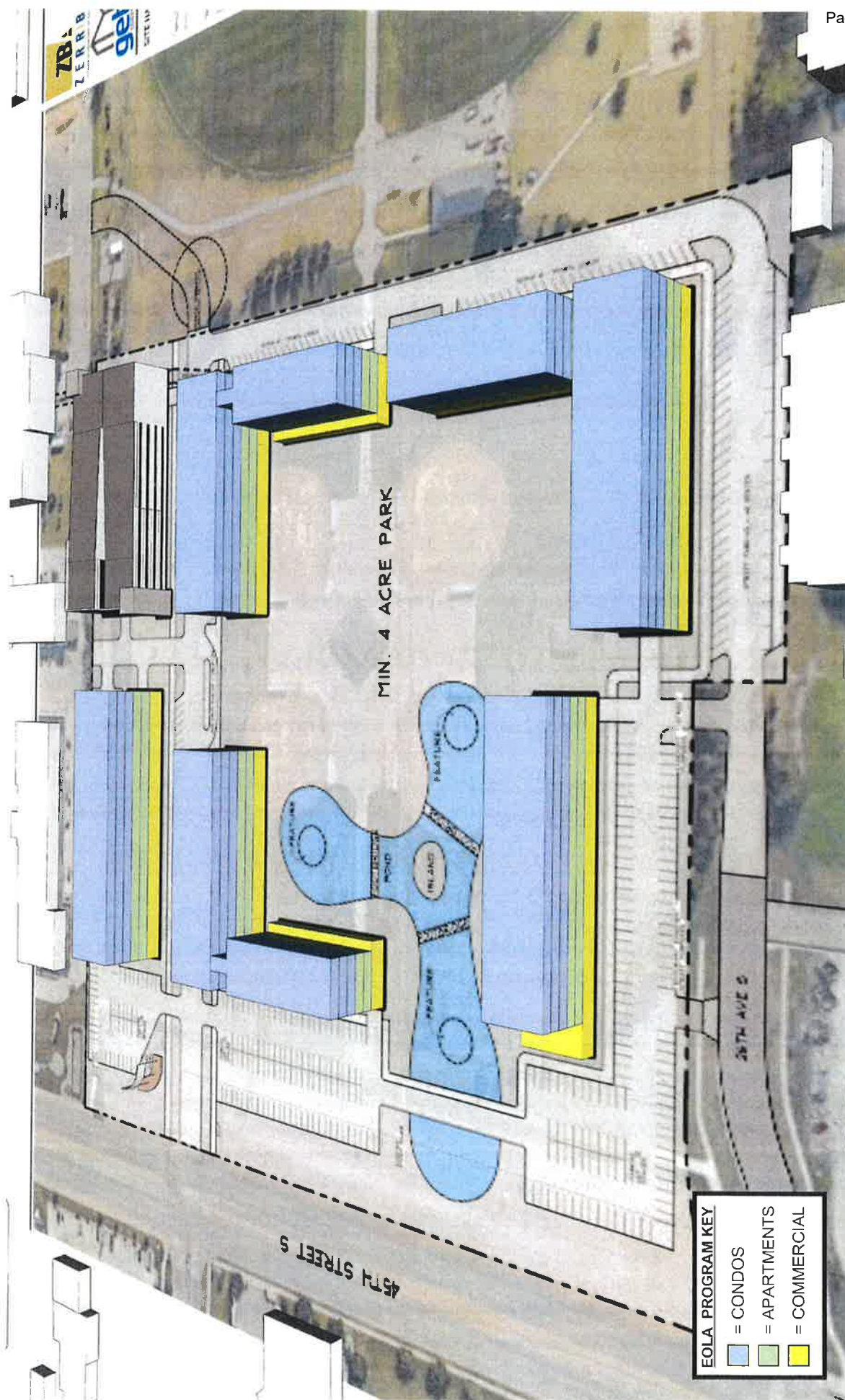
Editorial: The common question asked, "Would this happen without the TIF?", the answer is NO. Sure, there would be approximately \$100,000,000 of buildings, but not the \$150,000,000 that could be built around a public amenity as proposed. There would be no public parking ramp to support the community assets described above, there would be no \$1,500,000 to \$2,000,000 designated for affordable housing and the public park would represent much more of a neighborhood amenity instead of a regional attraction that will enhance the current 45 acre Fargo Park District land.

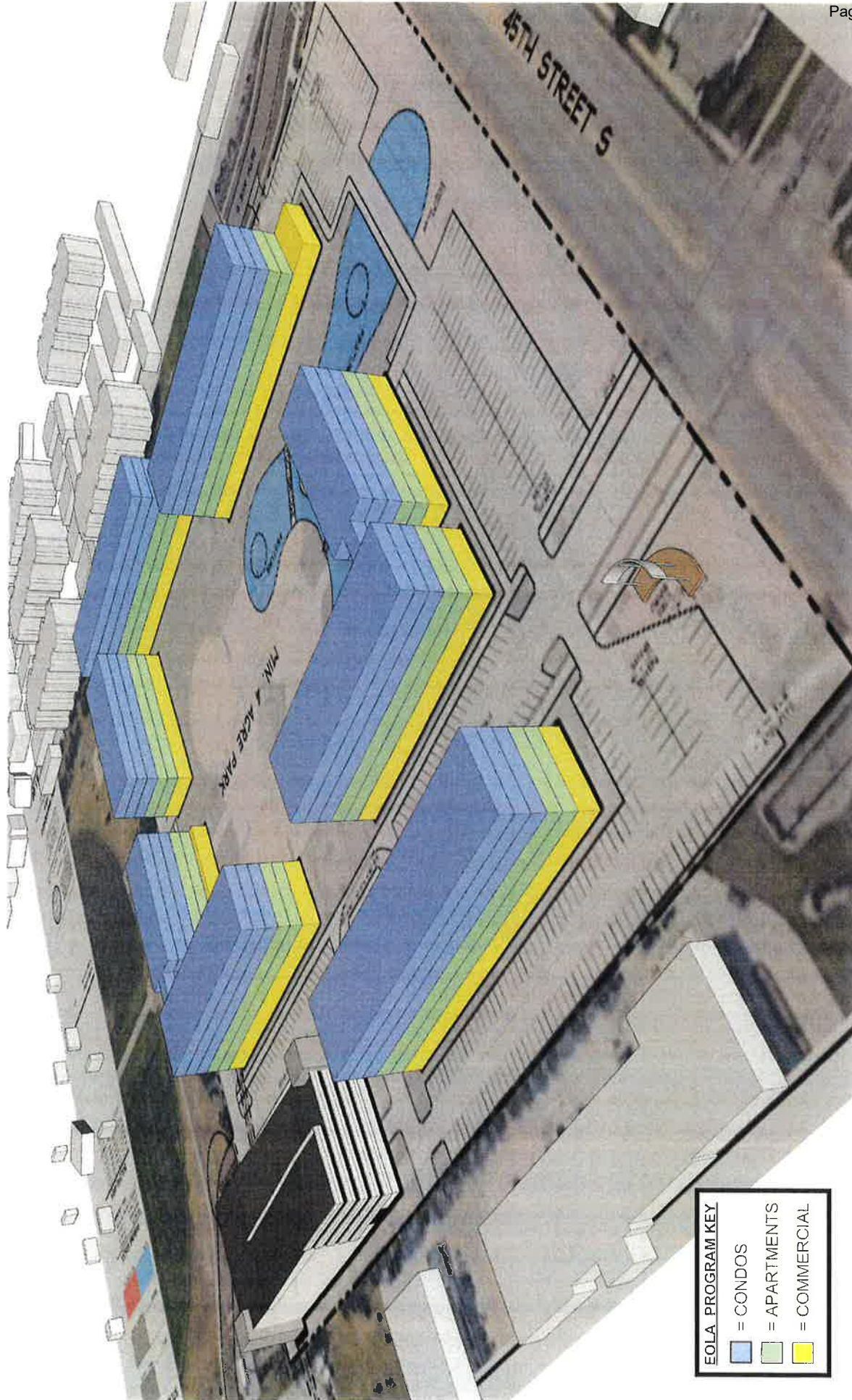
Bank of ND has already contacted EPIC Companies unsolicited about helping do the process described above and has set allocation aside for this community project if needed. This project and process is very similar to The Lights in West Fargo.



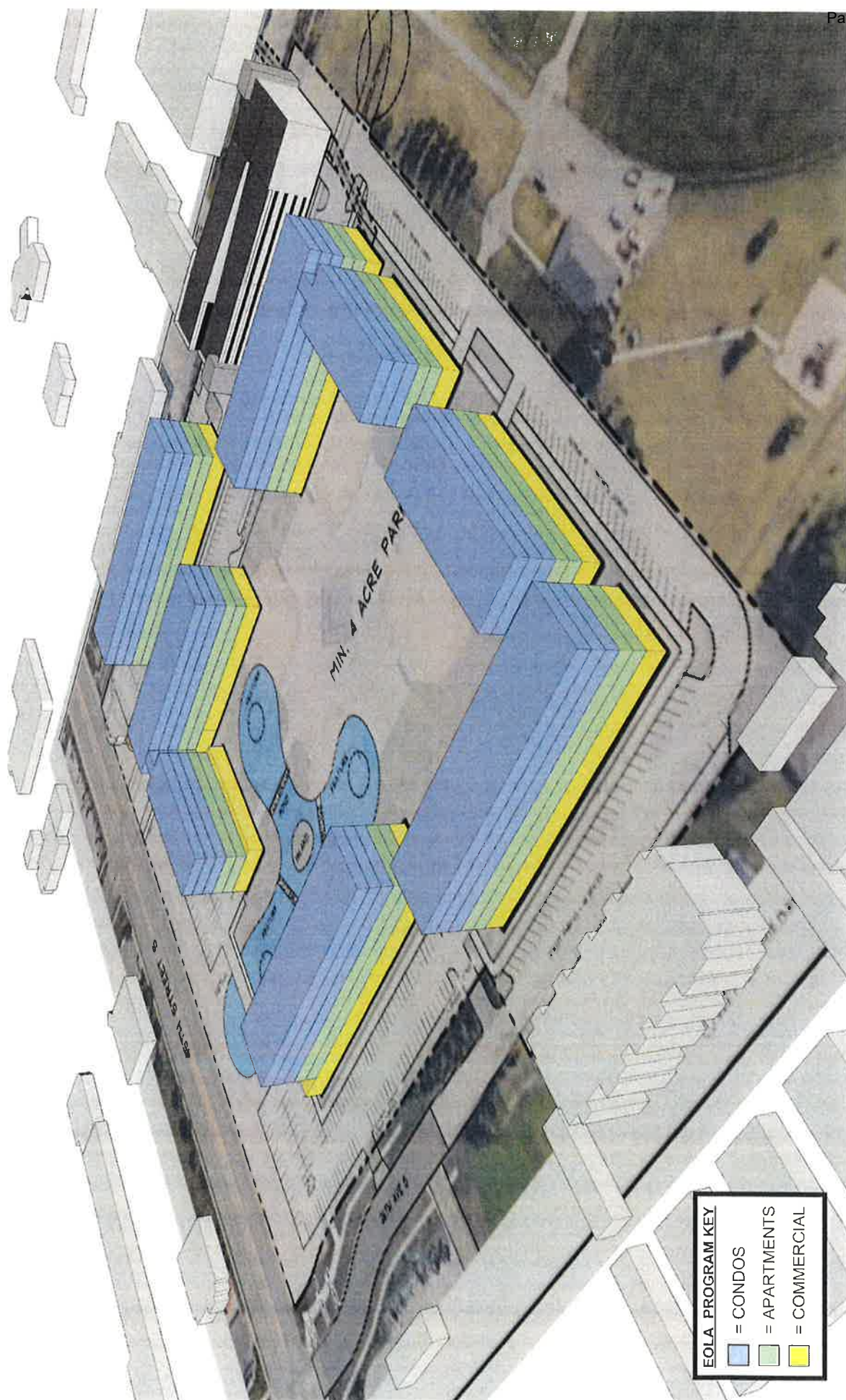
The Ask: EPIC Companies, along with the Fargo Park District, and others benefiting from this community TIF, ask that the committee approve moving forward with city of Fargo staff to create a TIF package that can be presented to a process that will be potentially voted on by the full city commission.

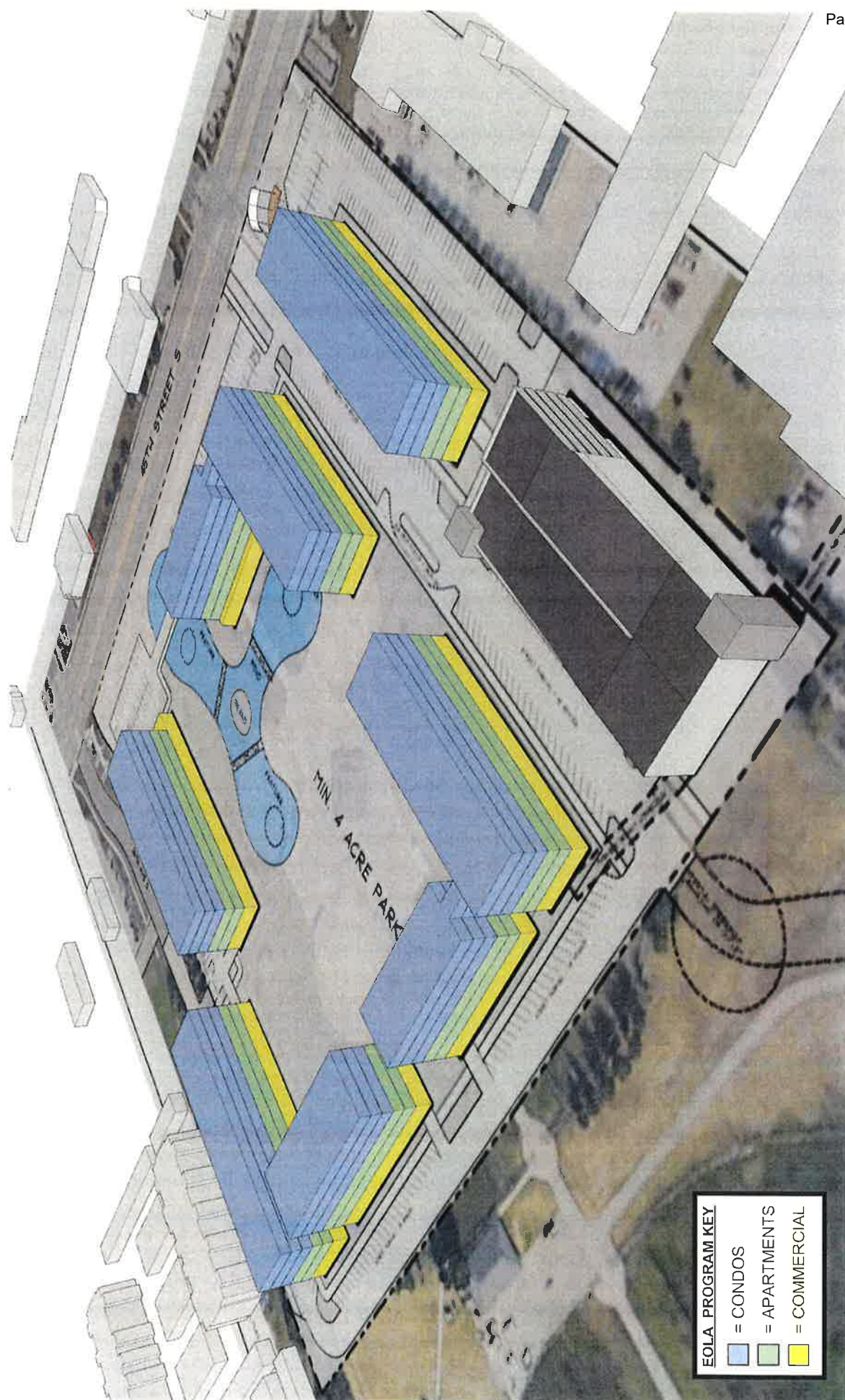
Supplemental Information: EPIC Companies is planning on building \$150,000,000 of mixed-use buildings consisting of condo's, apartments, and commercial space. Attached you will find supplemental information showing a current layout. EPIC will be starting construction on approximately \$50,000,000 of buildings next summer. See attachments please.













EOLA Park Amenities

Year-Round	Indoor
Flat Grass Areas	Wi-Fi
Walking Trails	Power Connectivity
Seating Areas in Park	Shopping
Pond	Dining
Island(s)	Maintenance Area for shop / lawncare / Storage
Bridge(s)	Pavillion / Gazebo
Interactive Art / Features	
Art Sculptures	
Playground(s)	
Fire Pits	
Patio Areas that co-mingle park / private	
Senior Activities	
Connectivity with Baseball / SW Arena	
Summer	Winter
Botanical Garden	Cross Country Ski Trail
Fountain Feature	Skating Loop
Splash Park	Warming House
Fishing	Hockey
Water Bikes	Ski, Sled, Skate, Snowshoe Rentals
Band Shell	
Basketball, Baseball, Pickleball	
Greenway	