

FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, January 12, 2021 – 1:00 p.m. City
Commission Chambers, Fargo City Hall

AGENDA

- 1. New Industry Application by Midway Metals, LLC**
 - a. Application for 5 Year Exemption [Page 1-11]

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To Cass
City or County

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

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

This application is a public record

Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>Midway Metals</u>
2.	Address of project <u>3344 39th St South</u>
	City <u>Fargo</u> County <u>Cass</u>
3.	Mailing address of project operator _____
	City _____ State _____ Zip _____
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 <u>8/31/20</u>
8.	Name and title of individual to contact _____
	Mailing address _____
	City, State, Zip _____ Phone No. _____

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.	
☐ Property Tax Exemption <u>5</u> Number of years <u>100</u> 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

11. Legal description of project real property
See Attached

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

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

☐ Yes ☐ No

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

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

If existing facility, when was it constructed? _____

If new construction, complete the following:

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

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

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

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

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

a. Land.....\$ _____

b. Existing buildings and
structures for which an exemp-
tion is claimed.....\$ _____

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

d. Total.....\$ _____

e. Machinery and equipment\$ _____

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

a. Land (not eligible) 

b. Eligible existing buildings and
structures.....\$ 365,000

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

d. Total taxable valuation of
property eligible for exemption
(Add lines b and c).....\$ 18,250

e. Enter the consolidated mill rate
for the appropriate taxing
district29212

f. Annual amount of the tax
exemption (Line d multiplied
by line e)\$ 5,331

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

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing
☐ Wholesaling ☐ Warehousing ☐ Services
18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).
19. Indicate the type of machinery and equipment that will be installed
20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

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

Annual revenue					
Annual expense					
Net income					

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

Current positions & positions added the initial year of project

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

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

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

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, _____, 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.

Eric Bachman

Signature

Title

Date

PRIVACY ACT NOTIFICATION

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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

December 11, 2020



Adella Bachman
Midway Metals LLC
663 N 132nd St
Omaha, NE 68154

Dear Adella:

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, **Midway Metals 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 12/10/2024).

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,

A handwritten signature in black ink, appearing to read "Joshua Teigen", with a stylized flourish at the end.

Joshua Teigen, Director
Economic Development & Finance Division
North Dakota Department of Commerce

Exemption Evaluation Calculator 2020				109.5
Midway Metals				Points
Project Type Code (Ctrl-C to view)			1	38.0
Current Number Of Employees			3	
Hourly Salary Without Benefits	# Jobs			
Under \$13.00				
\$13.01-\$15.00				
\$15.01-\$20.00				
\$20.01-\$28.00	2	Pts. For # Jobs->		20.0
\$28.01-\$35.00		Pts. For \$ Jobs->		6.0
Over \$35.00				
TOTAL # OF JOBS CREATED	2			
% GI w/ Local Competition (not downtown)			0%	25.0
Value of Proposed Buildings			\$ 365,000	7.5
Downtown Location (Y/N)			N	0.0
Exemption Needed (Y/N)			N	
Startup Firm (Y/N)			Y	13.0
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			APPROVE	
Description			Manufacturing	
Estimated New Annual Payroll			\$99,840	
Estimated Annual Real Estate Tax			\$5,331	
Estimated PV of Exemption			\$23,081	
Payroll / PV of Exemption			4.3	
Property Value / # of Jobs			\$ 182,500	
Estimated Total of Exemption for Term			\$ 26,656	

Projection for 1 year term

Exemption Evaluation Calculator 2020				119.5
Midway Metals				Points
Project Type Code (Ctrl-C to view)			1	38.0
Current Number Of Employees			3	
Hourly Salary Without Benefits	# Jobs			
Under \$13.00				
\$13.01-\$15.00				
\$15.01-\$20.00				
\$20.01-\$28.00	9	Pts. For # Jobs->		30.0
\$28.01-\$35.00		Pts. For \$ Jobs->		6.0
Over \$35.00				
TOTAL # OF JOBS CREATED	9			
% GI w/ Local Competition (not downtown)			0%	25.0
Value of Proposed Buildings			\$ 365,000	7.5
Downtown Location (Y/N)			N	0.0
Exemption Needed (Y/N)			N	
Startup Firm (Y/N)			Y	13.0
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			APPROVE	
Description			Manufacturing	
Estimated New Annual Payroll			\$449,280	
Estimated Annual Real Estate Tax			\$5,331	
Estimated PV of Exemption			\$23,081	
Payroll / PV of Exemption			19.5	
Property Value / # of Jobs			\$ 40,556	
Estimated Total of Exemption for Term			\$ 26,656	

Projection for 3 year term

Intent to Purchase Agreement

THIS AGREEMENT is made on the 16th of December 2020. The following parties intend to purchase, pursuant to the attached Real Estate Purchase Agreement, incorporated herein, the following real property located at **3344 39th St S, Fargo, ND 58104**. The real property is legally described as:

Lot

PT OF LT 4 BLK 1 RDO 2ND DESC AS FOLL: COMM FROM THE SW COR OF SD LT 4; THEN N 88° 40' 44" E FOR A DIST OF 350.35' TO THE PT OF BEG; THEN CONT N 88° 40' 44" E FOR A DIST OF 68.10'; THEN N 01° 02' 46" W FOR A DIST OF 167.78'; THEN S 88° 57' 14" W FOR A DIST OF 68.10'; THEN S 01° 02' 46" E FOR A DIST OF 168.10' BACK TO THE PT OF BEG. SD PARC CONTAINS 11,436 SF MORE OR LESS, TOGETHER W/ EASEMENTS & R/W OF SIGHT & RECORD.

Block

1

Supplemental Description

*11/20/07 SPL/FR 01-5310-00100-000 *REPLATTED LT 1 BLK1 RDO ADDN (9/9/2008, BX-1, P-14) *9/15/08 08-107 SPL/FR 01-5210-00051-000 & 01-5310-00101-000 *11/30/16 SPL/FR 01-8411-00040-000 SPL#2017-021 DOC#1489995 39TH STREET COMMERCIAL CONDOS UNIT 13

Addition Name

RDO 2nd

Buyer

Ann Bachman of Omaha, NE

Contact Phone: 402-616-3591

Email: ann.bachman@outlook.com

Purchase Price

Four Hundred Seventy-Five Thousand Dollars and Zero Cents (\$475,000.00). Within Three (3) days of *Purchase Agreement* being executed Buyer shall deliver to the closing agent an amount equal to \$5,000.00 ("Earnest Money").

Offer Terms

(I) Purchase is subject to approval of the real property for a property tax incentive from the Fargo City Commission (*roughly 6 week long process*).

(II) Purchase is subject to the buyer obtaining financing from a third party.

(III) This agreement can be assigned, at Buyer's discretion, to a North Dakota Limited Liability Company (LLC) that will be formed to hold title to the real property.

(IV) Signed *Purchase Agreement* by Seller and Buyer within the general structure of the attached. Buyer will provide his own Title Opinion and Title Insurance at their own cost.

Due Diligence

Subject to inspection by agent of Buyer to occur within timeframe of *Offer Terms (I)* and *(II)* being completed. *Purchase Agreement* drafted and executed as soon as practicable after the above conditions *(I)* and *(II)* have been met. Then, an additional 21 days to close, after receipt and approval of required third party reports (i.e. appraisal, title, etc).

Closing Date/Possession

As soon as practicable after *Offer Terms (I)*, *(II)*, *(IV)* and *(III)*, if necessary, are completed.

Seller: Sheyenne Valley Holdings LLC

DocuSigned by:

B5D79C4A90F8410...

12/16/2020

Date

Member

Title

Buyer: Ann Bachman

DocuSigned by:

E7AD4098E71B4B6...

12/16/2020

Date

Owner

Title

3344 39th St S, Fargo, ND 58104**Lot**

PT OF LT 4 BLK 1 RDO 2ND DESC AS FOLL: COMM FROM THE SW COR OF SD LT 4; THEN N 88° 40' 44" E FOR A DIST OF 350.35' TO THE PT OF BEG; THEN CONT N 88° 40' 44" E FOR A DIST OF 68.10'; THEN N 01° 02' 46" W FOR A DIST OF 167.78'; THEN S 88° 57' 14" W FOR A DIST OF 68.10'; THEN S 01° 02' 46" E FOR A DIST OF 168.10' BACK TO THE PT OF BEG. SD PARC CONTAINS 11,436 SF MORE OR LESS, TOGETHER W/ EASEMENTS & R/W OF SIGHT & RECORD.

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Addition Name

RDO 2nd