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

AGENDA

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

TAX EXEMPT REVIEW COMMITTEE Fargo, North Dakota

Regular Meeting

Tuesday, June 25, 2019

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

The committee members present or absent are:

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

Absent: Mark Lemer, Joseph Raso

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

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

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

Tax Increment Financing Application by Roers Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PILOT Application by DFI Kesler, LLC (Kilbourne)

Application has been continued to the July meeting.

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

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

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

TAX EXEMPT REVIEW COMMITTEE APPLICATION SUMMARY

Scheduled Meeting Date: 7/23/2019

APPLICATION #1

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

APPLICATION #2

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

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

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

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

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



Application For Property Tax Incentives For New or Expanding Businesses

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

JUL 15 2019

Project Operator's Application To Fargo City or County

FARGO ASSESSOR BY EMAIL FROM JIM

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

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

This application is a public record

Identification Of Project Operator

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

| | Legal description of project real property ee attached | | | | | |
|-----|---|--|--|--|--|--|
| | Will the project property be owned or leased by the pro- If the answer to 12 is leased, will the benefit of any ince Yes No If the property will be leased, attach a copy of the lease benefits. | entive granted accrue to the project operator? or other agreement establishing the project operator's | | | | |
| | 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 A six-story mixed-use project with ground floor retail five floors of market-rate apartments and underground parking. This project will be built on three different parkings lots, (617/621 1st Ave N & 624 2nd Ave N). **PILOT application would only apply to the 617/621 1st Ave N parcels.** c. Projected number of construction employees during the project construction 20 | | | | | |
| 14. | Approximate date of commencement of this project's of | operations April 2021 | | | | |
| 15. | Estimated market value of the property used <u>for this project</u> : a. Land\$ 176,000 | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: a. Land (not eligible) | | | | |
| | b. Existing buildings and structures for which an exemption is claimed\$ c. Newly constructed buildings | b. Eligible existing buildings and structures | | | | |
| | and structures when completed\$ 7,975,350 | d. Total taxable valuation of property eligible for exemption | | | | |
| | d. Total\$ 8,151,350 | (Add lines b and c)\$ 7,975,350 | | | | |
| | e. Machinery and equipment\$ 0 | e. Enter the consolidated mill rate for the appropriate taxing district | | | | |
| | | f. Annual amount of the tax exemption (Line d multiplied by line e) | | | | |

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

| Previous Business Activity | Previous | Business | Activity |
|-----------------------------------|----------|----------|----------|
|-----------------------------------|----------|----------|----------|

| 22. | Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☑ No |
|-----------------|---|
| 23. | Has the project operator conducted this business at this or any other location either in or outside of the state? |
| | ☐ Yes |
| 24. | Has the project operator or any officers of the project received any prior property tax incentives? ☑ Yes ☐ No. |
| | If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach |
| | additional sheets if necessary). RZ: DFI Loudon 2015; DFI St Marks 2015; DFI 1213 2016; DFI BE (123 Broadway) 2016; DFI Roberts 2017; ; DFI BA (113 BW) 2020; DFI BC (119 BW) 2020 DFI RZ/PILOT: DFI Woodrow 2016; DFI Black 2020; Block 9 Partners 2021 |
| | ss Competition Six |
| 25. | Is any similar business being conducted by other operators in the municipality? ☐ Yes ☐ No |
| | If YES, give name and location of competing business or businesses |
| | -Other mixed use projects located in Fargo |
| | |
| | Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100% |
| rope | rty Tax Liability Disclosure Statement |
| 26. | Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No |
| 27. | Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? |
| | If the answer to 26 or 27 is Yes, list and explain |
| | |
| Use | Only When Reapplying |
| 28. | The project operator is reapplying for property tax incentives for the following reason(s): |
| | To present additional facts or circumstances which were not presented at the time of the original application |
| | ☐ To request continuation of the present property tax incentives because the project has: |
| | moved to a new location |
| | had a change in project operation or additional capital investment of more than twenty percent |
| | had a change in project operators |
| | To request an additional annual exemption for the year of on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) |
| Notic | e to Competitors of Hearing |
| Prior licati | to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of properties on giving notice to competitors unless the municipality has otherwise determined there are no competitors. |
| ĭ M | chael Allmendinger , do hereby certify that the answers to the above questions and all of |
| infor | mation contained in this application, including attachments hereto, are true and correct to the best of my knowled belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted. |
| anu t | President 7.9.15 |
| | Signature Title Date |

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

| Parcel Number | 01-2381-00330-000 |
|-----------------------------------|----------------------|
| | 01-2381-00420-000 |
| Address | 617/621 1 Ave. N. |
| Date Application Received | 6/4/2019 / 6/10/2019 |
| 1st Publication Date | 6/17/2019 |
| 2nd Publication Date | 6/24/2019 |
| TRC Meeting Date | 6/25/2019 |
| Commission Hearing Date | 7/15/2019 |
| Notice Delivery To School/County | 6/13/2019 |
| School/County 30-Day Response | 7/13/2019 |
| Exemption Type | PILOT |
| Estimated Improvements Value | \$7,975,350 |
| Building Value to Remain Taxable | \$28,000 |
| Current Land Value | \$176,000 |
| County Share of Levy (%) | 17.3% |
| Anticipated Tax Growth | 0.0% |
| Current Mill Levy | 288.6 |
| Number of Years Granted | 10 |
| Discount Rate (for Present Value) | 4.50% |
| Total Gross Estimated Benefit | \$1,146,803 |
| Present Value of Benefit | \$750,700 |

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|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|----------------------|-----|---------------------|-------------|--|--|---------------------------|--|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|
| | | | | | | | | | | | , | c | T pn | ST | | | | | | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 | |
| | | | | | | | | | | | | | Building Tax To Rem | | | | | | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | % Bd Ex |
| \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | \$176,000 | Land Value | | + | \$404 | \$4,040 | | | | | | \$404 | \$404 | \$404 | \$404 | \$404 | \$404 | \$404 | \$404 | \$404 | \$404 | PILOT Pymt |
| \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | \$7,975,300 | Improvent Value | | | Current Land Tax | \$1,150,843 | | | | | | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | \$115,084 | Full Bldg Tax |
| 2030 | 2029 | 2028 | 2027 | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | Year | | *-/ | \$2,540 | \$1,146,803 | | | | | | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | \$114,680 | Benefit |
| 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | 288.66 | Mill Levy | CALCULATION O | | | \$907,400 | | | | | | \$73,800 | \$77,200 | \$80,600 | \$84,300 | \$88,100 | \$92,000 | \$96,200 | \$100,500 | \$105,000 | \$109,700 | Benefit PV of Benefit |
| 49.90 | 49.90 | 49.90 | 49.90 | | | 49.90 | 49.90 | 49.90 | 49.90 | Mill Levy CO Levy % | E ADDITIONAL TAX DIE | | | | | | | | | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | \$2,944 | PILOT & Land Tax |
| 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | % % | | | | | | | | | | | | | | | | | | | | |
| \$115,108 | | \$115,108 | | \$115,108 | \$115,108 | \$115,108 | | | | Full Impr Net Tax | TV | | | | | | If County Compl | | | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | County % PLT |
| \$19,89 | \$19,89 | \$19,898 | \$19,89 | \$19,898 | \$19,89 | \$19,898 | \$19,89 | \$19,898 | \$19,89 | Co Share Impr Ta | | | | | | | unty Completely Opted Out | | | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | \$19,829 | County Addl PLT |

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

| | | CALCULATION OF | CALCULATION OF ADDITIONAL TAX DUE TO COUNTY | TO COUNT | 7 | |
|-------------|------|----------------|---|----------|-------------------|-------------------|
| vent Value | Year | Mill Levy | CO Levy | % | Full Impr Net Tax | Co Share Impr Tax |
| \$7,975,300 | 2021 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2022 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2023 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2024 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2025 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2026 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2027 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2028 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2029 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |
| \$7,975,300 | 2030 | 288.66 | 49.90 | 17.3% | \$115,108 | \$19,898 |

Parcel #:

01-2381-00420-000

Address:

621 1 AVE N

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

Parcel #:

01-2381-00330-000

Address:

617 1 AVE N

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

BLK 2

City of Fargo, North Dakota

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

624 2nd Avenue North

617/621 1st Avenue North

Downtown District







Table of Contents

| | | Page |
|----|-------------------|------|
| 1. | Purpose | 1 |
| 2. | Project | 2 |
| 3. | Project Financing | 3 |
| 4. | Return Analysis | 4 |
| 5. | Conclusion | 6 |

Purpose

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

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



Project

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

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



Project Financing

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



Return Analysis

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

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

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

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

Sensitivity Scenario 1 - Project Costs

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

Sensitivity Scenario 2 – Rental Rates

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

Sensitivity Scenario 3 - Combination of Project Costs and Rental Rates

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



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



Conclusion

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

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



Page 21

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

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

FARGO ASSESSOR

Project Operator's Application To City of Fargo

City or County

Name of project operator of new or expanding business Aldevron

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

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

This application is a public record

Identification Of Project Operator

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

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

| 17. Type of business to be engaged in: Ag processing Wholesaling Services 18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary). Aldevron will construct a state of the art biologics manufacturing facility to produce therapeutic products and reagents for biotechnology and pharmaceutical companies worldwide. Products to be manufactured will include plasmid DNA, mRNA and proteins for a variety of clinical and commerical applications. 19. Indicate the type of machinery and equipment that will be installed Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Project o |
|--|
| 18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary). Aldevron will construct a state of the art biologics manufacturing facility to produce therapeutic products and reagents for biotechnology and pharmaceutical companies worldwide. Products to be manufactured will include plasmid DNA, mRNA and proteins for a variety of clinical and commercial applications. 19. Indicate the type of machinery and equipment that will be installed Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Projec |
| be manufactured, produced, assembled or stored (attach additional sheets if necessary). Aldevron will construct a state of the art biologics manufacturing facility to produce therapeutic products and reagents for biotechnology and pharmaceutical companies worldwide. Products to be manufactured will include plasmid DNA, mRNA and proteins for a variety of clinical and commerical applications. 19. Indicate the type of machinery and equipment that will be installed Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue 13,478,702 14,826,572 16,309,220 17,940,152 19,734,167 |
| Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromotograpy equipment, analytical instruments and genetic sequencers. 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue 13,478,702 14,826,572 16,309,220 17,940,152 19,734,162 |
| new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue 13,478,702 14,826,572 16,309,220 17,940,152 19,734,162 |
| Year (12 mo. periods) Project only Year 1 Project only Year 2 Project only Year 3 Project only Year 3 Project only Year 4 Project only Year 5 Annual revenue 13,478,702 14,826,572 16,309,222 17,940,152 19,734,162 |
| |
| |
| Annual expense 10,917,749 12,009,523 13,210,475 14,531,523 15,984,675 |
| Net income 2,560,952 2,817,049 3,098,754 3,408,629 3,749,492 |
| 21. Projected number and salary of persons to be employed by the project for the first five years: |
| Current positions & positions added the initial year of project |
| # Current New Positions New Po |
| 315 1 3 22 25 48 6 |
| Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 |
| No. of Employees (1) 298 348 378 403 |
| (2) 17 |
| Estimated payroll (1) 17.8mm 21.2mm 23.4mm 25.4mm |
| Estimated payron |
| (1) - full time (2) - part time |

Previous Business Activity

| 22. | Is the project operator succeeding someone else in this or a similar business? | ☑No |
|----------|---|-------------------------------|
| 23. | Has the project operator conducted this business at this or any other location either in or outside | of the state? |
| | ✓ Yes □ No | |
| 24. | Has the project operator or any officers of the project received any prior property tax incentives? | ✓ Yes □ No |
| | If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former b | usiness (attach |
| | additional sheets if necessary). Presently operating at 3233 15th St S, 3239 15th St S, 3301 S University, 4837 Amber V and 4055 41st Ave S in Fargo as Aldevron. Tax exemption for 4055 41st Ave S received | alley Parkway I in 2016. |
| Busine | ess Competition | |
| 25. | Is any similar business being conducted by other operators in the municipality? | ☑ No |
| | If YES, give name and location of competing business or businesses | |
| | | |
| | Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition | on % |
| Proper | ty Tax Liability Disclosure Statement | |
| 26. | Does the project operator own real property in North Dakota which has delinquent property tax leagainst it? Yes I No | evied |
| 27. | Does the project operator own a greater than 50% interest in a business that has delinquent proper against any of its North Dakota real property? Yes No | rty tax levied |
| | If the answer to 26 or 27 is Yes, list and explain | |
| | | |
| Use | Only When Reapplying | |
| 28. | The project operator is reapplying for property tax incentives for the following reason(s): | |
| | To present additional facts or circumstances which were not presented at the time of the original | nal application |
| | ☐ To request continuation of the present property tax incentives because the project has: | 1 |
| | moved to a new location | |
| | □ had a change in project operation or additional capital investment of more than to □ had a change in project operators | venty percent |
| | To request an additional annual exemption for the year of on structures owned by a gentity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1) | overnmental |
| Notice | to Competitors of Hearing | |
| | | |
| lication | the hearing, the applicant must present to the governing body of the county or city a copy of the giving notice to competitors unless the municipality has otherwise determined there are no competitors unless the municipality has otherwise determined there are no competitors. | affidavit of pub- etitors. |
| informa | Walters , do hereby certify that the answers to the above question contained in this application, including attachments hereto, are true and correct to the best of ief and that no relevant fact pertaining to the ownership or operation of the project has been omitted. | f my knowledge |
| | <u>CBO</u> | 6/10/09 |
| | Signature Title | Date |

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

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

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

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





Application For Property Tax Incentives For New or Expanding Businesses

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JUL 8 2019

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

Project Operator's Application To Fargo

City or County

FARGO ASSESSOR
BY EMAIL FROM JIM GILBOUR

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

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

This application is a public record

Identification Of Project Operator

| 1,,; | Name of project operator of new or ex | panding business Tzadik Sig | oux Falls Portfolio III, LLC | | | | | | |
|---------|---|--------------------------------------|---|--|--|--|--|--|--|
| 2. | Address of project 1222 4th Ave N | | | | | | | | |
| ĺ | City Fargo | (| County Cass | | | | | | |
| 3. | Mailing address of project operator 11098 Biscayne Boulevard, Suite 203 | | | | | | | | |
| | City Miami State FL Zip 33161 | | | | | | | | |
| 4. | | Subchapter S corporation Cooperative | ☐ Individual proprietorship ☑ Limited liability company | | | | | | |
| 5. | Federal Identification No. or Social Sec | curity No. | | | | | | | |
| 6. | North Dakota Sales and Use Tax Permit No. N/A | | | | | | | | |
| 7. | If a corporation, specify the state and date of incorporation DE, 3/12/2019 | | | | | | | | |
| 8. | Name and title of individual to contact YueLing Lee, General Cousnel | | | | | | | | |
| | Mailing address 11098 Biscayne Boulevard, Suite 203 | | | | | | | | |
| | City, State, Zip Miami, FL 33161 | | Phone No. (813)957-2394 | | | | | | |
| Project | t Operator's Application For Tax Ince | ntives | | | | | | | |
| 9. | Indicate the tax incentives applied for a | and terms. Be specific. | | | | | | | |
| | ☐ Property Tax Exemption | Z | Payments In Lieu of Taxes | | | | | | |
| | Number of years | 2018 | Beginning year 2038 Ending year | | | | | | |
| | Percent of exemption | | Amount of annual payments (attach schedule if payments will vary) | | | | | | |
| 10. | Which of the following would better de | escribe the project for which | n this application is being made: | | | | | | |
| | New business project | <u></u> | Expansion of a existing business project | | | | | | |

Description of Project Property

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

Description of Project Business

| inc | ite: "project" mean clude any establishe | s a newly establis d part of an exis | shed busi ting busi | ness or the expa ness. | nsion portion o | f an existing bus | iness. Do not |
|-----------------------|---|---|--------------------------|----------------------------------|--|--|--|
| 17. | Type of business to | be engaged in: | _ | processing plesaling | ☐ Manu ☐ Warel | facturing [| Retailing Services |
| 18. | be manufactured, p | nounced, assemb | ied or stor | red (attach additi | onal sheets if ne | ing a description | of any products to |
| | Leasing of residentil p | artments and comm | nercial spac | ce; completion of p | parking lot | | |
| 19. | Indicate the type of | fmachinery and e | quipment | that will be insta | alled | | |
| 20. | For the project only new business or the | , indicate the project expansion itself | jected ann for each y | ual revenue, exp | ense, and net incited exemption. | come (before tax) | from either the |
| | Year (12 mo. perioa | New/Expansion Project only May Year 1 | | | ew/Expansion Project only <u>Year 3</u> | New/Expansion Project only <u>Year 4</u> | New/Expansion Project only <u>Year 5</u> |
| | Annual revenue | 714,600 | 76 | 9,200 | 784,600 | 800,200 | 816,200 |
| | Annual expense | 188,200 | _19 | 1,900 | 195,800 | 199,800 | 203,700 |
| | Net income | 526,400 | 57 | 7,300 | 588,800 | 600,500 | 612,500 |
| | Projected number and | | | | roject for the firs | t five years: | |
| | rent positions & pos | | | | | | |
| | | | Positions 1-\$15.00 | New Positions \$15.01-\$20.00 | New Positions \$20.01-\$28.00 | New Positions \$28.01-\$35.00 | New Positions Over \$35.00 |
| | Year | (Before project | | | | | |
| | No. of Employees | (i) n/a | 2 <u>Ye</u> | <u>ear I</u> <u>Yea</u> | <u>r 2 </u> | <u>3 Year 4</u> | <u>Year 5</u> |
| | | (2) | - | | | | |
| ì | Estimated payroll | (I) n/a | | | | | |
| | | (2) | | | | | -a a |
| 1) - full 2) - par | | | - No. | | | | - |
| | | | | | | | |

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

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

| <u>Value</u> | \$ | 3,115,000.00 | \$ | 6,499,000.00 | \$ 9,614,000.00 |
|--------------|----------------------|--------------------------|----------|---------------------|--------------------|
| <u>Taxes</u> | \$ | 43,610.000 | \$ | 90,986.000 | \$ 134,596.00 |
| | | | | | , |
| <u>Year</u> | | Existing Building | | New Building | TOTAL |
| 1 | \$ | (t . | \$ | 4 | \$ - |
| 2 | \$ | | | | \$ j. |
| 3 | \$ | | \$ \$ | | \$ · · |
| 4 | \$ | ·* | \$ | ÷. | \$ |
| 5 | \$ \$ \$ \$ | | \$ | | \$ 940 |
| 6 | \$ | 9 .5 5 | \$ | - | \$ 120 |
| 7 | \$ \$ | 5 € 30 | \$ | Ě | \$ |
| 8 | | ¥(| \$ | ₩. | \$ 540 |
| 9 | \$ | | \$ | | \$ |
| 10 | \$ | * | \$ | • | \$ (*) |
| 11 | \$ \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 12 | \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 13 | \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 14 | \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 15 | \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 16 | \$ | 4,361.00 | \$ | 9,098.60 | \$ 13,459.60 |
| 17 | \$ | 6,541.50 | \$ | 16,377.48 | \$ 22,918.98 |
| 18 | \$ | 9,594.20 | \$ | 24,566.22 | \$ 34,160.42 |
| 19 | \$ | 13,083.00 | \$ | 31,845.10 | \$ 44,928.10 |
| 20 | \$ | 16,135.70 | \$ | 38,214.12 | \$ 54,349.82 |
| | | | | | |
| 21 | \$ | 43,610.00 | \$ | 90,986.00 | \$ 134,596.00 |
| 22 | \$ | 43,610.00 | \$ | 90,986.00 | \$ 134,596.00 |
| 23 | \$ | 43,610.00 | \$ | 90,986.00 | \$ 134,596.00 |
| 24 | \$ | 43,610.00 | \$ | 90,986.00 | \$ 134,596.00 |
| 25 | \$ | 43,610.00 | \$ | 90,986.00 | \$ 134,596.00 |

RECEIVED

Application For Property Tax Incentives For New or Expanding Businesses

JUL 8 2019

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

Project Operator's Application To Fargo

City or County

FARGO ASSESSOR BY EMAIL FROM JIM GILMOUR

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

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

This application is a public record

Identification Of Project Operator

| 1. | Name of project operator of new of | or expanding business Tzadik Sioux Falls Portfolio III, LLC | | | | | | | |
|--------|---|---|--|--|--|--|--|--|--|
| 2. | Address of project 315 University Dr N | | | | | | | | |
| | City Fargo | County Cass | | | | | | | |
| 3. | . Mailing address of project operator 11098 Biscayne Boulevard, Suite 203 | | | | | | | | |
| | C | ity Miami State FL Zip 33161 | | | | | | | |
| 4. | Type of ownership of project ☐ Partnership ☐ Corporation | ☐ Subchapter S corporation ☐ Cooperative ☐ Individual proprietorship ☑ Limited liability company | | | | | | | |
| 5. | Federal Identification No. or Social | Security No. | | | | | | | |
| 6. | North Dakota Sales and Use Tax Permit No. N/A | | | | | | | | |
| 7. | If a corporation, specify the state and date of incorporation DE, 3/12/2019 | | | | | | | | |
| 8. | Name and title of individual to contact YueLing Lee, General Cousnel | | | | | | | | |
| | Mailing address 11098 Biscayne Boulevard, Suite 203 | | | | | | | | |
| | City, State, Zip Miami, FL 33161 | Phone No. (813)957-2394 | | | | | | | |
| 'rojec | et Operator's Application For Tax | ncentives | | | | | | | |
| | permitted by the production For 142 | | | | | | | | |
| 9. | Indicate the tax incentives applied | | | | | | | | |
| 9. | | for and terms. Be specific. | | | | | | | |
| 9. | Indicate the tax incentives applied | for and terms. Be specific. | | | | | | | |
| 9. | Indicate the tax incentives applied Property Tax Exemptio | for and terms. Be specific. Payments In Lieu of Taxes | | | | | | | |
| 9. | Indicate the tax incentives applied Property Tax Exemption Number of years Percent of exemption | for and terms. Be specific. Payments In Lieu of Taxes 2018 Beginning year 2038 Ending year Amount of annual payments (attach schedule | | | | | | | |

Description of Project Property

| 11. Legal description of project real property | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| PIN 01-2382-04450-000 | | | | | | | | | |
| Block 45, Roberts 2nd Addition | | | | | | | | | |
| Will the project property be owned or leased by the project operator? | | | | | | | | | |
| | | | | | | | | | |
| 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. | | | | | | | | | |
| Will the project be located in a new structure or an existing facility? New construction Existing facility | | | | | | | | | |
| If existing facility, when was it constructed? 1917 | | | | | | | | | |
| If new construction, complete the following: | | | | | | | | | |
| a. Estimated date of commencement of constructio | on of the project covered by this application July 2017 | | | | | | | | |
| b. Description of project to be constructed includin Renovation of existing Woodrow Wilson buildi | g size, type and quality of construction | | | | | | | | |
| Trene varieti of existing woodlow witson buildi | ng into residential apartments | | | | | | | | |
| | | | | | | | | | |
| c. Projected number of construction employees dur | ring the project construction n/a - already constructed | | | | | | | | |
| | | | | | | | | | |
| Approximate date of commencement of this project | 's operations July 2017 | | | | | | | | |
| | IC Fed and III at all and III | | | | | | | | |
| Estimated market value of the property used <u>for</u> <u>this project</u>: | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: | | | | | | | | |
| a. Land\$ 480,760 | a. Land (not eligible) | | | | | | | | |
| b. Existing buildings and structures for which an exemp- | b. Eligible existing buildings and structures\$ 244,998 | | | | | | | | |
| tion is claimed\$ 4,899,963 | | | | | | | | | |
| c. Newly constructed buildings | c. Newly constructed buildings and structures when | | | | | | | | |
| and structures when completed\$ | completed\$ | | | | | | | | |
| | d. Total taxable valuation of | | | | | | | | |
| d. Total\$ 5,380,723 | property eligible for exemption | | | | | | | | |
| Ψ 3,200,723 | (Add lines b and c)\$ 244,998 | | | | | | | | |
| e. Machinery and equipment \$ 150,000 | e. Enter the consolidated mill rate | | | | | | | | |
| | for the appropriate taxing district | | | | | | | | |
| | f. Annual amount of the tax | | | | | | | | |
| | exemption (Line d multiplied by line e)\$ 70,160.13 | | | | | | | | |
| | oy rine e) | | | | | | | | |

Description of Project Business

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

| Previous | Business | Activity |
|-----------------|-----------------|----------|
| | TANDITE COS | ACHVIIV |

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

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

June 28, 2019

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

Dear Mr. Gilmour:

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

Block 9 SOR, LLC will be the new entity owning the spec office portion of the project. We are requesting to transfer and assume the remainder of the already approved PILOT tax payment schedule as is allowed under section 40-57.1.06 of the ND Century Code: "option to make payments in lieu of taxes for the remainder of the exemption or payments in lieu of taxes period."

Please find the attached application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 SOR, LLC the new operator of the spec office portion of this project.

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

Sincerely,

Bill Nielsen Director of Tax

R.D. Offutt Company



Application For Property Tax Incentives For New or Expanding Businesses

RECEIVED

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

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

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

County Cass

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

This application is a public record

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

Identification Of Project Operator

Address of project 215 Broadway N

City Fargo

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

| 11. | 11. Legal description of project real property | | | | | | | | |
|-------------|---|--|--|--|--|--|--|--|--|
| | Lots 14-21, Block 9, Keeney & Devitts 1st Addition | | | | | | | | |
| | | | | | | | | | |
| 12. | 2. Will the project property be owned or leased by the project operator? ✓ Owned ☐ Leased | | | | | | | | |
| | If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator? Yes No | | | | | | | | |
| | If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits. | | | | | | | | |
| 13. | Will the project be located in a new structure or an exi | sting facility? New construction Existing facility | | | | | | | |
| | If existing facility, when was it constructed? | | | | | | | | |
| | If new construction, complete the following: | | | | | | | | |
| | a. Estimated date of commencement of construction o | f the project covered by this application Fall 2018 | | | | | | | |
| | b. Description of project to be constructed including s Speculative Office Space within Block 9 Project | ize, type and quality of construction | | | | | | | |
| | Overall Project: Hotel 47.320 SF (125 keys): Amer | nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF | | | | | | | |
| | | | | | | | | | |
| 1.4 | c. Projected number of construction employees during | | | | | | | | |
| 14. ==== | Approximate date of commencement of this project's of | operations Fall 2020 | | | | | | | |
| 15. | Estimated market value of the property used <u>for</u> this project: | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: | | | | | | | |
| | a. Land\$ 675,000 | a. Land (not eligible) | | | | | | | |
| | b. Existing buildings and structures for which an exemption is claimed\$ | b. Eligible existing buildings and structures\$ | | | | | | | |
| | c. Newly constructed buildings and structures when | c. Newly constructed buildings and structures when completed\$ 39,500,000 | | | | | | | |
| | d. Total \$\\ \\$ \\ \\$ \\ \ \ \ \ \ \ \ \ \ \ \ | d. Total taxable valuation of property eligible for exemption (Add lines b and c)\$ 39,500,000 | | | | | | | |
| | e. Machinery and equipment\$ | e. Enter the consolidated mill rate for the appropriate taxing district | | | | | | | |
| | | f. Annual amount of the tax exemption (Line d multiplied by line e) | | | | | | | |

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

| | Previous | Business | Activity |
|--|-----------------|-----------------|----------|
|--|-----------------|-----------------|----------|

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

Value \$41,175,000

Taxes \$626,707

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

June 28, 2019

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

Dear Mr. Gilmour:

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

Block 9 RDO, LLC will be the new entity owning the office portion of the project. We are requesting to transfer and assume the remainder of the already approved PILOT tax payment schedule as is allowed under section 40-57.1.06 of the ND Century Code: "option to make payments in lieu of taxes for the remainder of the exemption or payments in lieu of taxes period."

Please find the attached application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 RDO, LLC the new operator of the office portion of this project.

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

Sincerely,

Bill Nielsen

Director of Tax

R.D. Offutt Company



Application For Property Tax Incentives For New or Expanding Businesses

JUL 15 2019

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

Project Operator's Application To City of Fargo

City or County

FARGO ASSESSOR

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

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

This application is a public record

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

Identification Of Project Operator

| 2. | Address of project 215 Broadway N |
|--------|--|
| | City Fargo County Cass |
| 3. | Mailing address of project operator 210 Broadway, Suite 300 |
| | City Fargo State ND Zip 58102 |
| 4. | Type of ownership of project ☐ Partnership ☐ Subchapter S corporation ☐ Individual proprietorship ☐ Corporation ☐ Cooperative ☑ Limited liability company |
| 5. | Federal Identification No. or Social Security No. 83-1693855 |
| 6. | North Dakota Sales and Use Tax Permit No. n/a |
| 7. | If a corporation, specify the state and date of incorporation |
| 8. | Name and title of individual to contact Bill Nielsen - Director of Tax |
| | Mailing address P.O. Box 7160 |
| | City, State, Zip Fargo, ND 58106-7160 Phone No. 701-551-5422 |
| Projec | Operator's Application For Tax Incentives |
| 9. | Indicate the tax incentives applied for and terms. Be specific. |
| | ☐ Property Tax Exemption |
| | Number of years <u>2022</u> Beginning year <u>2042</u> Ending year |
| | Percent of exemption Amount of annual payments (attach schedule if payments will vary) |
| 10. | Which of the following would better describe the project for which this application is being made: |
| | ✓ New business project ☐ Expansion of a existing business project |
| | -1- |

| 11. | | | | | | | | |
|-----|--|--|--|--|--|--|--|--|
| | Lots 14-21, Block 9, Keeney & Devitts 1st Addition | | | | | | | |
| 12. | 2. Will the project property be owned or leased by the project operator? ☐ Owned ☐ Leased | | | | | | | |
| | If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator? Yes No | | | | | | | |
| | If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits. | | | | | | | |
| 13. | 3. Will the project be located in a new structure or an existing facility? 🛮 New construction 🗀 Existing facility | | | | | | | |
| | If existing facility, when was it constructed? | | | | | | | |
| | If new construction, complete the following: | | | | | | | |
| | a. Estimated date of commencement of construction of | of the project covered by this application Fall 2018 | | | | | | |
| | b. Description of project to be constructed including size, type and quality of construction Corporate headquarters for R.D. Offutt Company and RDO Equiptment Co. | | | | | | | |
| | Overall Project: Hotel 47,320 SF (125 keys); Ame | nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF | | | | | | |
| | c. Projected number of construction employees during | | | | | | | |
| 1.4 | | | | | | | | |
| 14. | Approximate date of commencement of this project's | operations Fail 2020 | | | | | | |
| 15. | Estimated market value of the property used <u>for</u> this project: | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: | | | | | | |
| | a. Land\$ 675,000 | a. Land (not eligible) | | | | | | |
| | b. Existing buildings and structures for which an exemption is claimed | b. Eligible existing buildings and structures\$ | | | | | | |
| | | c. Newly constructed buildings | | | | | | |
| | c. Newly constructed buildings and structures when | and structures when completed\$ 39,500,000 | | | | | | |
| | completed \$ 39,500,000 | d. Total taxable valuation of | | | | | | |
| | d. Total\$ 40,175,000 | property eligible for exemption (Add lines b and c)\$\frac{39,500,000}{} | | | | | | |
| | e. Machinery and equipment\$ | e. Enter the consolidated mill rate for the appropriate taxing district | | | | | | |
| | | f. Annual amount of the tax exemption (Line d multiplied by line e) | | | | | | |

| 17. Type of business to be engaged in: | Note: "project" means a newly establi include any established part of an exis | | | sion portion of a | an existing busi | ness. Do not | | | | |
|---|---|----------------|--|--------------------|--------------------|--------------------|--|--|--|--|
| 18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary). **Corporate headquarters for R.D. Offint Company and RDO Equiptment Co.** Overall project - Corporate headquarters for R.D. Offint Company and RDO Equiptment Co.**, hotel with 125 rooms, 27,000 Sir ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 19. Indicate the type of machinery and equipment that will be installed **New/Expansion** New/Expansion** New/Expansion** New/Expansion New/Expansion** New/Exp | 17. Type of business to be engaged in: | | _ | | - | • | | | | |
| be manufactured, produced, assembled or stored (attach additional sheets if necessary). Capacate headquarters for R.D. Offitut Company and RDO Equiptment Co. Overall project - Corporate headquarters for R.D. Offitut Company and RDO Equiptment Co., hotel with 125 rooms, 27,000 St ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redestign the existing plaza into a year round public gathering space. 19. Indicate the type of machinery and equipment that will be installed 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion Project only Year (12 mo, periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report Annual expense Net income 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions | | □ wnoie | sanng | ∐ wareno | ousing 🔽 | Services | | | | |
| Overall project - Corporate headquarters for R.D. Offutt Company and RDO Equiptment Co., hotel with 125 rooms, 27,000 SF ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 19. Indicate the type of machinery and equipment that will be installed 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report Annual expense Net income 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions New Positions New Positions New Positions Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) Estimated payroll (2) Estimated payroll (3) | | | | | | of any products to | | | | |
| SF ground floor retail. In addition to this application, the project will also construction seven condos, a parking garage, and redesign the existing plaza into a year round public gathering space. 19. Indicate the type of machinery and equipment that will be installed 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion Project only Year 3 Year 4 Year 5 Annual revenue see PFM "but for" report | | | The state of the s | | | | | | | |
| 19. Indicate the type of machinery and equipment that will be installed 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Year 2 Year 3 Year 4 Year 5 | | | | | | | | | | |
| 20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption. New/Expansion New/Expansion New/Expansion New/Expansion New/Expansion Project only Project only Project only Year 2 Year 3 Year 4 Year 5 | | | | o construction sev | ven condos, a park | mg garage, and | | | | |
| new business or the expansion itself for each year of the requested exemption. New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 | 19. Indicate the type of machinery and | equipment the | hat will be instal | led | | | | | | |
| new business or the expansion itself for each year of the requested exemption. New/Expansion Project only Year (12 mo. periods) Year 1 Year 2 Year 3 Year 4 Year 5 | | | | | | | | | | |
| Project only Year 1 Project only Year 3 Project only Year 5 Annual revenue see PFM "but for" report Annual expense Net income 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions New Positions New Positions Value 15.01-\$20.00 \$20.01-\$28.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) Estimated payroll (1) (2) (1) - full time | | | | | ome (before tax) | from either the | | | | |
| Annual expense Net income 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions New Positions New Positions New Positions Over \$35.00 Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) (2) Estimated payroll (1) (2) (1) - full time | Project on | ly Pro | ject only F | roject only | Project only | Project only | | | | |
| Net income 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions New Positions New Positions New Positions New Positions Section S | Amidal revenue | "bu | it for" | report | - | - | | | | |
| 21. Projected number and salary of persons to be employed by the project for the first five years: Current positions & positions added the initial year of project # Current New Positions New Positions New Positions New Positions New Positions New Positions Over \$35.00 Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) (2) Estimated payroll (1) (2) (2) (2) (1) - full time | Annual expense | 2 2 | | | | - | | | | |
| Current positions & positions added the initial year of project # Current New Positions New Positions New Positions Standard Sta | Net income | | | | V | | | | | |
| # Current Positions Under \$13.00 New Positions Variety New Positions Varie | 21. Projected number and salary of pers | ons to be em | ployed by the pr | oject for the firs | t five years: | | | | | |
| # Current Positions Under \$13.00 New Positions Variety New Positions Varie | Current positions & positions added the | e initial vear | of project | - | | | | | | |
| Positions Under \$13.00 \$13.01-\$15.00 \$15.01-\$20.00 \$20.01-\$28.00 \$28.01-\$35.00 Over \$35.00 Year (Before project) Year 1 Year 2 Year 3 Year 4 Year 5 No. of Employees (1) (2) (2) (2) (3) (4) (5) (6) (7) (8) (1) (2) (3) (4) (5) (6) (7) (8) (1) (1) (1) (1) (2) (1) (2) (3) (4) (5) (6) (7) (8) (8) (8) (1) (1) (2) (3) (4) (5) (6) (7) (8) (8) (8) (8) (8) (8) (8) (8) (8) (8) (9) | | | | New Positions | New Positions | New Positions | | | | |
| No. of Employees (1) (2) Estimated payroll (1) (2) (1) - full time | | | | | | Over \$35.00 | | | | |
| No. of Employees (1) (2) Estimated payroll (1) (2) (1) - full time | | | | | | | | | | |
| Estimated payroll (1) | Year (Before proje | ect) <u>Ye</u> | ar l Yea | r 2 Year | 3 Year 4 | Year 5 | | | | |
| Estimated payroll (1) | No. of Employees (1) | | | | | | | | | |
| (2) | (2) | | | | | | | | | |
| (1) - full time | Estimated payroll (1) | - | | | | | | | | |
| | (1) - full time | _ | | | | | | | | |

| Previous | Business | Activity |
|-----------------|-----------------|----------|
| | | |

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

Value \$41,175,000

Taxes \$626,707

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



Kilbourne Group 210 Broadway, Suite 300 Fargo, ND 58102

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

July 1, 2019

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

Dear Mr. Gilmour:

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

DFI Block 9 Retail, LLC will be the new entity owning the retail portion of the project. We are requesting to transfer and assume the remainder of the already approved PILOT tax payment schedule as is allowed under section 40-57.1.06 of the ND Century Code: "option to make payments in lieu of taxes for the remainder of the exemption or payments in lieu of taxes period."

Please find the attached application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to DFI Block 9 Retail, LLC the new operator of the plaza portion of this project.

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

Sincerely,

Mike Allmendinger

President



Application For Property Tax Incentives For New or Expanding Businesses

JUL 15 2019

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

FARGO ASSESSOR

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

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

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

This application is a public record

Identification Of Project Operator

| 1. | Name of project operator of new or expanding business DFI Block 9 Retail LLC | | | | |
|--------|---|--|--|--|--|
| 2. | Address of project 215 Broadway N | | | | |
| | City Fargo | County Cass | | | |
| 3. | Mailing address of project operator 2 | 10 Broadway, Suite 300 | | | |
| | City 1 | Fargo State ND Zip 58102 | | | |
| 4. | |] Subchapter S corporation □ Individual proprietorship] Cooperative ☑ Limited liability company | | | |
| 5. | Federal Identification No. or Social Se | curity No. 83-0984554 | | | |
| 6. | North Dakota Sales and Use Tax Perm | it No. n/a | | | |
| 7. | If a corporation, specify the state and date of incorporation North Dakota - March 29, 2018 | | | | |
| 8. | Name and title of individual to contact | Michael Allmendinger | | | |
| | Mailing address 210 Broadway, Suite 3 | 00 | | | |
| | City, State, Zip Fargo, ND 58103 | Phone No701.237.2279 | | | |
| Projec | et Operator's Application For Tax Inc | entives | | | |
| 9. | Indicate the tax incentives applied for | and terms. Be specific. | | | |
| | ☐ Property Tax Exemption | Payments In Lieu of Taxes | | | |
| | Number of years | 2022 Beginning year 2042 Ending year | | | |
| | Percent of exemption | Amount of annual payments (attach schedule if payments will vary) | | | |
| 10. | Which of the following would better d | escribe the project for which this application is being made: | | | |
| | New business project | ☐ Expansion of a existing business project | | | |

Description of Project Property

| | 11. Legal description of project real property Lots 14-21, Block 9, Keeney & Devitts 1st Addition | | | | | | | |
|---|---|--|--|--|--|--|--|--|
| 10 | | | | | | | | |
| 12. | 2. Will the project property be owned or leased by the project operator? Owned Leased | | | | | | | |
| | If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator? Yes No | | | | | | | |
| | If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits. | | | | | | | |
| 13. | 3. Will the project be located in a new structure or an existing facility? New construction Existing facility | | | | | | | |
| | If existing facility, when was it constructed? | | | | | | | |
| | If new construction, complete the following: | | | | | | | |
| | a. Estimated date of commencement of construction of | f the project covered by this application Fall 2018 | | | | | | |
| | b. Description of project to be constructed including si 27,610SF of ground floor retail located within the I | | | | | | | |
| | Overall Project: Hotel 47,320 SF (125 keys); Amer | nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF | | | | | | |
| | c. Projected number of construction employees during the project construction 300 | | | | | | | |
| 14. | Approximate date of commencement of this project's of | operations Fall 2020 | | | | | | |
| 15. | Estimated market value of the property used <u>for</u> this project: | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: | | | | | | |
| | a. Land\$ 675,000 | a. Land (not eligible) | | | | | | |
| | b. Existing buildings and structures for which an exemp- | b. Eligible existing buildings and structures\$ | | | | | | |
| tion is claimed | | | | | | | | |
| d. Total taxable valuation of property eligible for exemption (Add lines b and c) | | | | | | | | |
| | e. Machinery and equipment\$ | e. Enter the consolidated mill rate for the appropriate taxing district | | | | | | |
| | f. Annual amount of the tax exemption (Line d multiplied by line e)\$ 626,707.00 | | | | | | | |

Description of Project Business

| Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business. | | | | | | | |
|---|--|--------------------------|---|----------------------|-----------------------|--|--|
| 17. Type of business to be engaged in: | ☐ Ag proc☐ Wholesa | _ | ☐ Manufa☐ Wareho | _ | Retailing Services | | |
| 18. Describe in detail the activities to b be manufactured, produced, assemb | | | | | f any products to | | |
| Ground floor will house 27,000 SF of ne Overall project - Corporate headquarters | for RDO Equi | ptment, hotel wit | h 125 rooms. In ac | ldition to this appl | ication, the | | |
| project will also construction seven cond gathering space. | los, a parking g | arage, and redesi | gn the existing pla | iza into a year roui | nd public | | |
| 19. Indicate the type of machinery and | equipment tha | at will be install | ed | | | | |
| | - válles lá | | | | | | |
| 20. For the project only, indicate the pronew business or the expansion itself | | | | ome (before tax) | from either the | | |
| - | New/Expansion Ne | | | | | | |
| Annual revenue see PFM | "but | for" r | eport | | | | |
| Annual expense | | | | - | | | |
| Net income | - 2 2 | - | | | | | |
| 21. Projected number and salary of pers | | | oject for the first | five years: | | | |
| Current positions & positions added the | | of project New Positions | New Positions | New Positions | New Positions | | |
| | 3.01-\$15.00 | \$15.01-\$20.00 | \$20.01-\$28.00 | \$28.01-\$35.00 | Over \$35.00 | | |
| | | | | | | | |
| Year (Before proje | ect) Yea | <u>r l</u> Yea | r 2 Year | 3 Year 4 | Year 5 | | |
| No. of Employees (1) | | | - 49 | rano gran | | | |
| (2) | | | | | | | |
| Estimated payroll (1) | | | | _ | | | |
| (1) - full time (2) - part time | | | | | | | |

| Previous Business | Activity |
|-------------------|----------|
|-------------------|----------|

| 22. | Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☑ No | | | | | |
|----------|---|--|--|--|--|--|
| 23. | Has the project operator conducted this business at this or any other location either in or outside of the state? | | | | | |
| | ☐ Yes ☑ No | | | | | |
| 24. | Has the project operator or any officers of the project received any prior property tax incentives? ☑ Yes ☐ No | | | | | |
| | If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach | | | | | |
| Desire | additional sheets if necessary). RZ: DFI Loudon 2015; DFI St Marks 2015; DFI 1213 2016; DFI BE (123 Broadway) 2016; DFI Roberts 2017; ; DFI BA (113 BW) 2020; DFI BC (119 BW) 2020 DFI RZ/PILOT: DFI Woodrow 2016; DFI Black 2020; Block 9 Partners 2021 | | | | | |
| | ss Competition | | | | | |
| 25. | Is any similar business being conducted by other operators in the municipality? | | | | | |
| | If YES, give name and location of competing business or businesses | | | | | |
| | -Leased retail space in the City of Fargo and Renaissance Zone | | | | | |
| | Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100 % | | | | | |
| Proper | ty Tax Liability Disclosure Statement | | | | | |
| 26. | Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☑ No | | | | | |
| 27. | . Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☑ No | | | | | |
| | If the answer to 26 or 27 is Yes, list and explain | | | | | |
| | | | | | | |
| Use | Only When Reapplying | | | | | |
| 28. | The project operator is reapplying for property tax incentives for the following reason(s): | | | | | |
| | ☐ To present additional facts or circumstances which were not presented at the time of the original application | | | | | |
| | ☐ To request continuation of the present property tax incentives because the project has: | | | | | |
| | moved to a new location | | | | | |
| | had a change in project operation or additional capital investment of more than twenty percent | | | | | |
| | | | | | | |
| | To request an additional annual exemption for the year of on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57,1-04.1) | | | | | |
| Notice | to Competitors of Hearing | | | | | |
| Prior to | the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of pubgiving notice to competitors unless the municipality has otherwise determined there are no competitors. | | | | | |
| I, Mich | ael Allmendinger , do hereby certify that the answers to the above questions and all of the | | | | | |
| informa | tion contained in this application, including attachments hereto, are true and correct to the best of my knowledge ef and that no relevant fact pertaining to the ownership or operation of the project has been omitted. President | | | | | |
| | Signature Title Date | | | | | |

Value \$41,175,000

Taxes \$626,707

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



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

July 1, 2019

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

Dear Mr. Gilmour:

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

Block 9 Hotel, LLC will be the new entity owning the hotel condo of the project. We are requesting to transfer and assume the remainder of the already approved PILOT tax payment schedule as is allowed under section 40-57.1.06 of the ND Century Code: "option to make payments in lieu of taxes for the remainder of the exemption or payments in lieu of taxes period."

Please find the attached application, original tax schedule, and business incentive agreement requesting the remainder of the PILOT tax schedule transfer to Block 9 Hotel, LLC the new operator of the hotel portion of this project.

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

Sincerely,

Mike Allmendinger

President



Application For Property Tax Incentives For New or Expanding Businesses

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

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

FARGO ASSESSOR

JUL 15 2019

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

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

This application is a public record

Identification Of Project Operator

| 1. | Name of project operator of new or | expanding business Block 9 Hotel I | TC |
|--------|--|--|---|
| 2. | Address of project 215 Broadway N | | |
| | City Fargo | Coun | ty <u>Cass</u> |
| 3. | Mailing address of project operator | 210 Broadway, Suite 300 | |
| | Cit | y <u>Fargo</u> | State ND Zip 58102 |
| 4. | Type of ownership of project ☐ Partnership ☐ Corporation | ☐ Subchapter S corporation☐ Cooperative | ☐ Individual proprietorship ☐ Limited liability company |
| 5. | Federal Identification No. or Social | Security No. <u>83-0754142</u> | |
| 6. | North Dakota Sales and Use Tax Pe | rmit No. n/a | |
| 7. | If a corporation, specify the state an | d date of incorporation Delaware / | May 10, 2018 |
| 8. | Name and title of individual to conta | Michael Allmendinger | |
| | Mailing address 210 Broadway, Suite | e 300 | |
| | City, State, Zip Fargo, ND 58103 | | Phone No701.237.2279 |
| Projec | t Operator's Application For Tax I | ncentives | |
| 9. | Indicate the tax incentives applied for | or and terms. Be specific. | |
| | ☐ Property Tax Exemption | ⊠ Payn | nents In Lieu of Taxes |
| | Number of years | <u>2022</u> Begin | nning year 2042 Ending year |
| | Percent of exemption | | unt of annual payments (attach schedule yments will vary) |
| 10. | Which of the following would bette | r describe the project for which this | application is being made: |
| | New business project | | nsion of a existing business project |

| | 1. Legal description of project real property Lots 14-21, Block 9, Keeney & Devitts 1st Addition | | | | | | |
|-------------------------------|---|--|--|--|--|--|--|
| | | | | | | | |
| 2. | . Will the project property be owned or leased by the project operator? Owned Leased | | | | | | |
| | If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator? Yes No If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits. | | | | | | |
| 3. | . Will the project be located in a new structure or an existing facility? New construction Existing facility | | | | | | |
| | If existing facility, when was it constructed? | | | | | | |
| | If new construction, complete the following: | | | | | | |
| | a. Estimated date of commencement of construction of | f the project covered by this application Fall 2018 | | | | | |
| | b. Description of project to be constructed including si 125 Room Hotel Part of Block 9 Project | ze, type and quality of construction | | | | | |
| | Overall Project: Hotel 47,320 SF (125 keys); Amen | nity - 19,820SF; Office - 103,025SF; Retail; 27,610SF | | | | | |
| | c. Projected number of construction employees during | | | | | | |
| 1. | Approximate date of commencement of this project's c | | | | | | |
| 5. | this project: | 16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent: | | | | | |
| | a. Land | | | | | | |
| and structures when completed | | | | | | | |
| | e. Machinery and equipment\$ | e. Enter the consolidated mill rate for the appropriate taxing district | | | | | |
| | | f. Annual amount of the tax exemption (Line d multiplied by line e)\$ 626,707.00 | | | | | |

Description of Project Business

| Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business. | | | | | | | |
|---|--|---|---|--|-----------------------------------|--|--|
| 17. Type of business to be engaged in: | ☐ Ag proce☐ Wholesa | - | ☐ Manufac | - | Retailing Services | | |
| 18. Describe in detail the activities to b be manufactured, produced, assemb | oled or stored | | | | f any products to | | |
| 125 Room Hotel part of the Block 9 Proj Overall project - Corporate headquarters addition to this application, the project w into a year round public gathering space. | for RDO Equipolial also construction | ptment, hotel with | n 125 rooms, 27,0 os, a parking gara | 00 SF ground floo ge, and redesign th | r retail. In le existing plaza | | |
| 19. Indicate the type of machinery and | equipment the | at will be install | ed | | | | |
| 20. For the project only, indicate the proew business or the expansion itsel | ojected annua f for each year | l revenue, expense r of the requeste | nse, and net inco | ome (before tax) | from either the | | |
| • | New/Expansion Ne | | | | | | |
| Annual revenue see PFM | "but | for" r | eport | | | | |
| Annual expense | _ 3 | | | * | | | |
| Net income | | | | | | | |
| 21. Projected number and salary of pers | ons to be emp | oloyed by the pr | oject for the first | five years: | | | |
| Current positions & positions added the | e initial year o | of project | | | | | |
| | w Positions 3.01-\$15.00 | New Positions \$15.01-\$20.00 | New Positions \$20.01-\$28.00 | New Positions \$28.01-\$35.00 | New Positions Over \$35.00 | | |
| | | | | | | | |
| Year (Before proj | ect) Yea | <u>r 1 Yea</u> | r 2 Year | 3 Year 4 | Year 5 | | |
| No. of Employees (I) | | | | | | | |
| (2) | = === | | | | | | |
| Estimated payroll (1) | | | | | | | |
| (2) | | | | - T | -14 | | |
| (1) - full time (2) - part time | | | | | | | |

| Previous Business Activit | revious | Dusiness | Activity |
|---------------------------|---------|----------|----------|
|---------------------------|---------|----------|----------|

| 22. | Is the project operator succeeding someone else in this or a similar business? | | | | |
|---|---|--|--|--|--|
| 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). RZ: DFI Loudon 2015; DFI St Marks 2015; DFI 1213 2016; DFI BE (123 Broadway) 2016; DFI Roberts 2017; ; DFI BA (113 BW) 2020; DFI BC (119 BW) 2020 DFI RZ/PILOT: DFI Woodrow 2016; DFI Black 2020; Block 9 Partners 2021 | | | | |
| Busine | ess Competition | | | | |
| 25. | Is any similar business being conducted by other operators in the municipality? ☐ Yes ☐ No | | | | |
| 1 | If YES, give name and location of competing business or businesses | | | | |
| | -Hotels in the City of Fargo | | | | |
| a | Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition 100 % | | | | |
| Proper | ty Tax Liability Disclosure Statement | | | | |
| 26. | Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☑ No | | | | |
| 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 | | | | |
| | to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of pubnicing notice to competitors unless the municipality has otherwise determined there are no competitors. | | | | |
| т Mic | hael Allmendinger, 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 | | | | | |
| | Signature Title Date | | | | |

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

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