

FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, August 24, 2021 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee Meeting Minutes of 06/22/21**
 - a. June 22, 2021 [Page 1-2]
- 2. 2021 TRC Policy Clean [Page 3-18]**
- 3. Application for PILOT for Beyond Shelter, Inc.**
 - a. Application for PILOT [Page 19-29]
- 4. Application for PILOT for Prairie Ridge 4, LLLP**
 - a. Application for PILOT [Page 30-43]

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting**Tuesday, June 22, 2021**

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 22, 2021.

The committee members present or absent are:

Present: Dave Piepkorn, Mayor Tim Mahoney, Bruce Grubb, John Cosgriff, Kent Costin, Jessica Ebeling, Mike Splonskowski, Erik Johnson, Jim Gilmour, Joe Raso

Absent: Levi Bachmeier, Jim Buus, Jackie Gapp

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

A motion was made by Mayor Tim Mahoney to approve the minutes from May 25, 2021. Kent Costin seconded, motion carried.

Application for PILOT for Tecton Products, LLC

Jim stated that this was an application that had been received previously. Initially they wanted to add 100,000 square feet which has been updated to 150,000 square feet. It would not increase the initial number of jobs, but could have the potential of greater number of jobs in the future. The 100,000 square foot addition has already received the full approval of both the city and the county. It needs approval for the additional square footage.

Tom Gohdes, Director of Operations at Tecton, stated based on the level of growth this year they plan on increasing to 150,000 square feet, all the same items are in play. They have increased their wage quite a bit, so all the jobs they are bringing to the region will be starting at \$19.50 an hour rather than \$16.50 an hour, including incentives all jobs are paying over \$20 an hour.

Joe Raso stated the most recent labor numbers for Cass County, year over year show manufacturing wages increasing over 14%, which is probably one of the highest industry percentage increases of wages in any industry sector in our region.

Kent Costin moved to approve, John Cosgriff seconded, motion carried.

Discuss Economic Incentive Policy

The first item is a memo Jim put together focusing on the Economic Development Policy changes, these would be the changes for the primary sector jobs, there was some editing done. The editing firms up the language and states that the focus is on primary sector businesses that will bring jobs to the community. The policy had allowed for non-primary sector mixed use developments outside of the downtown to qualify for the PILOT, a couple of inquiries outside of downtown had been considered and neither was approved, so Jim removed that portion. Working with the EDC, it has been clarified that if someone is going to lease a space, that they don't lease it before they apply for the incentive. If a lease is signed contingent on the incentive, it would be acceptable. Revisions to the scoring criteria would be looking at the number of jobs in year three in addition to year one, recognizing that it does take several years for a business to ramp up. The scoring would also require some benefits in addition to wages. Jim stated Commissioner Strand and Commissioner Preston would like to see some sort of scoring based on safety records of the company. They are also

looking into greater points for larger capital investments in buildings, also including points for manufacturing equipment. Clarification was added as to when you qualify for the five year versus the ten year exemption.

Commissioner Preston introduced the following suggestions: the salary should be at \$15 an hour, also regarding the single family housing she suggested reducing the exemption to \$75,000 which is currently at \$150,000 and suggested that we exclude houses that exceed \$500,000 in value.

Dave Piepkorn stated that we need to be careful putting too many regulations on the tax exemptions because Fargo does not exist in a vacuum. He also stated, Fargo has competitors all around the area, all around this country and the world.

David Reed, President Elect of Home Builder Association, said that as a representative of HBA these tax exempt policies impact the entire economy. Specifically as Home Builders Association they want to address the proposed \$75,000 limit, which they believe is low. The \$150,000 was enacted in 2009 and they believe there is a case to be made for it to head in the other direction. Home builders are facing increasing prices. The average cost to build a home nationally has increased \$36,000 since April of 2020. In February of 2021 the National Association of Home Builders released a report that stated, for every \$1,000 increase in the price of a home, 200 purchasers lose the buying power to purchase a home in the Fargo area. Also from NAHB, Fargo's home ownership rate is at 38%, compared to the regional area including West Fargo and Moorhead which is at 52.5%, the national rate is nearly 67%. In addition they want to state their position on the \$500,000 limit, there is an argument to be made that, \$500,000 is not a high-end home anymore, the state average is closer to \$380,000 for a new home.

The meeting was adjourned at 1:54 pm.

City of Fargo Tax Exempt Review Committee Economic Development Committee

Policy & Guidelines

2021

Tax Exempt Review Committee
225 Fourth Street North
Fargo, North Dakota 58102

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The City of Fargo supports the mission of economic development and community development through the use of available tax incentive programs offered to the private sector. The goal of this mission is to create high quality jobs by attracting new, and expanding existing, primary sector businesses; promote historic preservation and development of the downtown district; support market and affordable housing opportunities; support the redevelopment of brownfield sites; support the redevelopment of blighted properties in core neighborhoods; and grow the City's tax base, which collectively enhances the City's livability, vibrancy and quality of life. The responsibility to initiate, sustain and implement primary sector economic development, redevelopment and housing shall be borne primarily by the private sector with the City supporting qualifying efforts with reasonable public and private cooperation.

Effective Date and Term

This policy is effective as of the date of adoption and shall remain in effect until the next review, which will follow the June 2022 City election.

Available Incentive Options Reviewed by Tax Exempt Review Committee**Remodeling Exemption (N.D.C.C. 57-02.2)**

This provides for an exemption of buildings that have been improved by means of renovation, remodeling, alteration or additions. It does not apply to the replacement of one building with another. The amount of valuation added to the original assessment due to the remodeling within the existing structure may be exempted for a period of 5 years on projects started on or after August 1, 1999; 3 years on projects started prior to August 1, 1999. This is available to all commercial properties and residential buildings at least 25 years old.

Residential New Construction Exemption (N.D.C.C. 57-02-08)

This has allowed for an exemption of up to \$150,000 in value on newly constructed residential dwellings, duplexes, townhomes and condominiums. Separate exemptions are allowed to builders and first owners after the builder.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1)

This allows for a 5-year exemption for buildings of certain new or expanding business projects. A 10-year exemption may be granted to projects producing or manufacturing a product from agricultural commodities. In addition to, or instead of a property tax exemption, projects may be granted an option to set up to 20 years of payments in lieu of taxes (PILOT). The amount of those payments would be determined through negotiations with the City and the project operator.

Tax Increment Financing (N.D.C.C. 40-58)

This allows for the encouragement of private enterprise to rehabilitate or redevelop urban renewal areas by means of tax increments. This may be provided by the issuance of bonds to be paid back by the private operator through the incremental difference in property taxes between the original value and rehabilitated property value. This may also be provided in the form of a tax exemption with an amount granted initially and the incremental exempted tax being applied to reduce that amount with interest.

Renaissance Zone Incentives (N.D.C.C. 40-63)

This allows for the encouragement of private investment to rehabilitate or redevelop downtown Fargo through the use of property tax, state income tax and historic preservation and renovation tax credit incentives. The Renaissance Zone Authority administers the Renaissance Zone incentives.

Community Development Incentives

To develop a high quality downtown and neighborhoods by providing quality housing and a suitable living environment, a combination of the above programs will be utilized.

Primary Sector Economic Development Projects Policy

The City will use the general review criteria below in evaluating the applications for assistance. These are broad areas of consideration, which serve as part of the underlying City economic development policy.

Economic Impact to the City

The economic impact to the City to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the City.

Diversification and Growth of the Economic Base

The City is concerned about attracting and retaining companies that provide diversification from the existing industrial base in order to bring about a more stable economic environment in the City.

Number and Type of Jobs to be Created

The City is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits and type of jobs to be created or anticipated jobs to be added in the future.

Local Competition

It is the intention of the City to not give an unfair advantage over other local existing companies through the use of these incentives.

Benefits to Accrue to the Project Operator

It is the intention of the City that benefits granted accrue to the successful applicant, whether the applicant is the owner or tenant of a property, unless approval is otherwise specified.

Quality and Growth Potential of the Client

Consideration will be given to the company's reputation in other areas of the country in terms of the client's track record, credit history, stability and overall industry standing. The City will also be interested in the company's past history of growth, potential for future growth and the general outlook for growth of the industry as a whole.

Types of Businesses Targeted for Possible Financial Assistance:

- The City will only assist primary sector businesses.
- Primary sector businesses are those in which at least 70% of the revenues generated by the end product or service they provide come from outside the Fargo

trade area (150-mile radius). The end product may be completed by another firm (i.e. Cardinal IG provides glass to Integrity Windows). This information will be provided by the business as part of the application process.

- The business must request “Primary Sector” designation from the ND Department of Commerce and submit that information along with the incentive application.

General Evaluation Objectives for Economic Development Projects

Targeted primary sector businesses are:

- Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
- Those providing packaging and distribution of end products.
- Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies or any form of information processing.
- Back office service providers and corporate headquarters. The City is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo trade area.

Types of Businesses Not Eligible for Economic Development

- Retail or any business selling directly to the consumer.
- Health care industry.
- Education industry.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, accountants, real estate developers, investment advisers, advertising/public relations advisers).
- General local office facilities.
- General local warehousing facilities.

Evaluation Point System

A point system will be used as a guide in evaluating primary sector projects for possible incentive programs.

Although the point system will not be the final determining factor regarding eligibility, it will be used as a tool to quantify certain criteria.

A total of ??? points is required for recommended approval under the point system. Following is a breakdown of the criteria evaluated by the point system:

Project type

<u>Points</u>	<u>Project Description</u>
+38	Manufacturing
+25	Support Services
+25	Primary Sector Distribution
+38	Primary Sector Service Industry
+38	Technology Research

Jobs created (initial year)

<u>Points</u>	<u>Number of Jobs</u>
+10	1-10
+25	11-50
+40	51-100
+50	101-250
+75	251+

Jobs created (year 3)

<u>Points</u>	<u>Number of Jobs</u>
+10	1-10
+25	11-50
+40	51-100
+50	101-250
+75	251+

Hourly salaries*:

<u>Points</u>	<u>Salary:</u>
- 25	Under \$13.00
+0	\$13.01 - \$15.00
+25	\$15.01 - \$20.00
+30	\$20.01 - \$28.00
+35	\$28.01 - \$35.00
+50	Over \$35.00

(*Must also provide health care benefits, retirement or substantially higher wages.)

(A weighted average of points will be used according to the number of jobs created in each range.)

Local competition:

<u>Points</u>	<u>% of Gross Income with Any Local Competition</u>
+25	0-10%
+15	11-30%
+0	31-50%
-25	Over 50%

Company safety experience rating:

<u>Points</u>	<u>City Set Standard</u>
-25	Below City determined standard
+10	Average
+25	Better than average

Value of proposed building:

<u>Points</u>	<u>Value</u>
+0	Up to \$80,000
+5	\$80,001 - \$100,000
+10	\$100,001 - \$500,000
+15	\$500,001 - \$1,000,000
+20	\$1,000,001 - \$5,000,000
+25	\$5,000,001 - \$10,000,000
+40	\$10,000,000 - \$15,000,000
+50	Over \$15,000,000

Startup firms:**Points Startup**

+15 New “startup” business or new to the metro area.

Application will not be eligible for consideration if:

- Filed after start of construction on a new building.
- Filed after lease of an existing building, unless lease is contingent on property tax incentive.

Standard Exemption for Primary Sector Businesses

The standard exemption for primary sector projects meeting the general objective of targeted businesses for assistance that meet the criteria in the evaluation point system for jobs created and project size:

- Years 1 through 5 - 100% exemption on the improvement value.

For an expansion of an existing business, the eligible exemption will apply to the increased value of the improvements added for the expansion.

Factors to consider for a longer property tax exemption (beyond 5 years for partial exemption):

- Business has high potential for growth.
- High paying jobs.
- High capital investment.
- Growth industry.
- Corporate headquarters.
- Processing a product from an agricultural commodity.

Review and Reporting Policy

Except in cases of assistance for housing, a business incentive agreement must be signed prior to the City Assessor reporting the tax exemption to the County. The agreement will describe the type and value of the assistance as well as stated goals. Periodic reporting will be required of the recipient to monitor the stated goals.

Once stated goals are met, reporting will no longer be required.

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

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

Additional Economic Development Resources

- Growth Initiative Fund
- Lewis and Clark Fund
- Greater Fargo Moorhead Economic Development Corporation
- North Dakota Department of Commerce
- Bank of North Dakota

This exemption provides an incentive to property owners to invest private capital in order to remodel and rehabilitate buildings and structures to prevent the properties from decay. It is at the discretion of the City to grant this exemption to properties. The exemption encourages the investment of private capital to improve properties, subsequently encouraging the production of wealth, improving the volume of employment, enhancing living conditions and preserving and increasing the property tax base. The standard policy utilized by the City in granting the exemption allowed for improvements to property, according to N.D.C.C. Chapter 57-02.2, will be as follows:

Residential and Apartment Property

- A 5-year exemption for value added due to remodeling and additions to buildings 25 years old and older.

Commercial Property

- A 5-year exemption for value added due to remodeling and additions to buildings 25 years old and older. Additions that exceed the existing value of the building must be reviewed by the Tax Exempt Review Committee with a recommendation sent to the City Commission.
- No exemption under this policy will be granted for assessment value replaced after a reduction in appraised value has been made by the City Assessor for value lost due to fire, flood, tornado or other natural disaster.

Two-Year Residential New Construction Exemption Guidelines

The governing body of the City must approve the exemption by resolution and may amend or rescind the resolution at any time. The City may also limit or impose conditions on this exemption, including the time period for which it is allowed.

This exemption promotes the construction of dwelling units thereby encouraging the volume of employment, enhancing living conditions and increasing the tax base. However, the limited availability of the exemption to the majority of the local population warrants close review of the need for it to encourage that activity.

The City will pass a resolution allowing for this exemption and the terms and conditions of the incentive. The City will periodically review the option of adopting a new resolution expanding or limiting the terms of this exemption as economic conditions or state statute may change.

New Single Family Residence Owned by Builder and Unoccupied

- Up to five properties per builder per year may be exempt up to \$150,000 of building value if the homes are unoccupied and owned by the builder.
- The maximum term of exemption is for the taxable year construction began and one following taxable year.

New Single Family Residence Owned by First Owner After the Builder

- The first owner after the builder may receive an exemption on up to \$150,000 of building value for new single-family, condominium and townhouse residences.
- The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

Core Neighborhood Housing - Payment in Lieu of Tax Policy and Guidelines

The purpose of this policy is to establish the City's position relating to the use of Payment in Lieu of Taxes (PILOT) for private market rate housing development in core neighborhoods. The fundamental purpose is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance.

It is the intent of the City to provide the minimum amount of tax exemptions, at the shortest term required, for the project to proceed.

As a matter of policy, the City will consider using PILOT to assist private housing development projects to achieve one or more of the following objectives:

- To create opportunities for affordable housing.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To assist developers enough to achieve development on sites which would not be developed without PILOT assistance.
- To remove blight and/or encourage the development of new housing that provides housing in areas of core neighborhoods consistent with the Core Neighborhood Plan.
- To offset increased costs of redevelopment (i.e. contaminated site cleanup, infrastructure needs and higher land costs) over and above the costs normally incurred in development.
- To contribute to the implementation of other public policies, as adopted by the City, such as the promotion of quality urban or architectural design, energy conservation and decreasing capital and/or operating costs of local government.
- The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

PILOT policies

Maximum term

- For projects without affordable housing, the maximum PILOT incentive will be a 100% exemption for the first 5 years and a 50% exemption for an additional 5 years.
- For projects with affordable housing, the maximum PILOT incentive will be a 100% exemption for a maximum of 20 years.

Extraordinary Costs

The amount or value of the PILOT tax exemption will be limited to the extraordinary costs of development and are limited to:

- The costs of land acquisition, subject to the limits outlined in the next policy.
- Relocation of existing tenants.
- The costs of demolition, including the removal of building foundations, parking lots and the removal and replacement of unsuitable soil.
- Public improvements in the public right-of-way such as sidewalks, driveway approaches, lighting and connections to the water, sanitary sewer and storm water systems.

- Onsite storm water retention including the cost of excavation, underground storm water lines or underground storage facilities. It does not include water collection systems such as parking lots, sidewalks or curb/gutters.
- Architectural and engineering costs are limited to those necessary services to implement other activities allowed by this policy. Developer fees and legal costs are not permitted.

Land Acquisition Costs

The eligible costs recouped to the developer shall be evaluated on a case-by-case basis; however, the maximum should be the lesser of:

- The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the Assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property-by-property limit.
- The difference between what was paid by the developer for the property less the Assessor's market value for the land (as opposed to land and buildings).

Other Conditions and Limits

- The value of the PILOT assistance should be limited to a percentage up to 15% of hard capital costs of development including the costs of acquisition. Developer must provide at least 10% of total capital costs as developer's equity in the project.
- Financial plans of the project will be reviewed by the City financial consultant to determine the feasibility and level of public assistance that is appropriate.
- The project must be consistent with the City's Comprehensive Plan, the Core Neighborhood Land Use Plan and the Land Development Code. The developer's agreement should include design standards to ensure the development will be compatible with the long-term plans for the area.
- To the extent required by state, federal, local law or regulations, a relocation plan should be provided by the developer. Relocation payments to tenants of businesses or residential uses must be made. These relocation payments should follow state/federal guidelines.

Tax Increment Financing (TIF) Policies

These policies are to provide guidance to developers who are considering making a request for TIF funding.

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

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

To the extent required by state, federal or local law or regulations, a relocation plan should be provided in the development or renewal plan. When undertaking a redevelopment project on underdeveloped parcel(s) of land, relocation payments to tenants of businesses or residential uses must be made. These relocation payments must follow state and federal guidelines, as applicable, for assistance.

Land acquisition or land write-down costs must meet the following requirements:

- The eligible costs recouped to the developer shall be evaluated on a case-by-case basis, but the maximum should be the lesser of:

- The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
- The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

TIF assistance to the developer should be limited to a percentage of up to 15% of hard capital costs of development including the costs of property acquisition and public facilities.

The limit of 15% may be exceeded if the project will include a community development purpose, for example:

- Accepting lower rates of return to provide affordable housing or other public benefits.
- Direct investment in public or free publicly accessible private spaces.
- Direct and ongoing investment in public art.
- Development of affordable or replacement housing.

When undertaking any TIF project that provides assistance to a developer, the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with City staff.

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

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

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

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

TIF Brownfield Redevelopment Policies

The purpose of this policy is to establish the City's position relating to the use of TIF for encouraging redevelopment of brownfield sites, a slum area or a blighted area with private redevelopment.

The Environmental Protection Agency defines a brownfield as "a property in which the expansion, redevelopment or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant."

ND Urban Renewal Law defines a slum as "an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation,

light, air, sanitation or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and is detrimental to the public health, safety, morals or welfare."

ND Urban Renewal Law defines a blighted area as "an area other than a slum area which by reason of the presence of a substantial number of slums, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use. 'Blighted area' does not include any land that has been assessed as agricultural property within the last 10 years unless it was located within the interior boundaries of a city for at least 10 years."

This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of TIF in Fargo is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed.

Evaluation Criteria for TIF Assistance to Developers

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

- Housing
- Commercial or industrial
- Downtown or mixed use (commercial/housing in same development)

Housing projects should meet at least 5 of the following 8 objectives:

- Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Compatible with the adjacent area or the future land use in the area.
- Sidewalks, bike trails or a transit stop within 4 blocks.
- High quality design, exceeding the requirements of the Land Development Code.
- Includes affordable housing, workforce housing or includes a plan to replace some of the housing eliminated by the development.
- Eliminates blighted conditions or substandard buildings.
- Cleans up brownfield conditions.
- Creates significant growth in the tax base on the site.

Commercial projects should meet at least 5 of the following 8 objectives:

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- Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Sidewalks, bike trails or a transit stop within 4 blocks.
- Contain some primary sector business or jobs.
- Include some public spaces or public art.
- Cleans up brownfield conditions, eliminates blighted conditions or substandard buildings.
- Create significant growth in the tax base on the site.
- Encourages additional development on adjacent sites.
- High quality design.

Downtown or mixed used projects should meet at least 7 of the following 11 objectives:

- Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Compatible with the adjacent area or the future land use in the area.
- Sidewalks, bike trails or a transit stop within 4 blocks.
- Adequate parking and access plan, preferably with shared parking by the different land uses.
- Contain some primary sector business or jobs.
- Include some public spaces or public art.
- Cleans up brownfield conditions, eliminates blighted conditions or substandard buildings, or replaces surface parking.
- Create significant growth in the tax base on the site.
- Encourages additional development on adjacent sites.
- Contains businesses that will provide needed services or goods used by adjacent land uses.

Downtown Housing Guidelines - PILOT

New market rate apartments:

- Years 1-5 - 100% exempt on the increased value of the improvements.
- Years 6-15 - The percentage exempt will be based on a financial review and "but for" test. The amount exempt will be no more than 90% of the improved value.
- If market rate apartments include at least 10% of the housing to be what the City considers "affordable," the City may approve up to a 100% exemption based on a financial review and "but for" test for up to 20 years.

Lower income apartments:

- Years 1-20 – 100% of the improvement value for the period of time the housing will serve as lower income housing.
- Incentives may be for new buildings and substantial rehabilitation necessary to maintain existing lower income apartments units.
- Lower income apartments are those where the developer is required to rent to lower income households at below market rent as required by the Department of Housing and Urban Development, the Low Income Housing Tax Credit Program, the ND Housing Finance Agency or a recorded land use restrictive covenant agreement.
- Projects that will use Low Income Housing Tax Credits or other incentives from the ND Housing Finance Agency will have a financial review by the State of ND and will not have a "but for" review by the City.

Public Private Partnerships (P3) include renewal plans and TIF districts that provide TIF funds for activities to implement the renewal plan. These P3 developments include private investment that would not otherwise occur without the public investment in public facilities.

Previous Public Private Partnerships include:

- Section 22 – 42nd Street Improvements
- Horse Park
- Fayland Industrial Park
- Roberts and 2nd Avenue Redevelopment (Roberts/Dillard/Kesler)
- Broadway and 4th Avenue Redevelopment (Mercantile/Parking)
- Block 9 Redevelopment (Broadway Square/RDO/Jasper/Parking)
- Riverfront Redevelopment Plan

Process: tbd

Plan Development

Plan Implementation

Tax Exempt Review Committee Members

Voting members

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Non-voting ex officio members

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Fargo Public Schools
415 Fourth Street North
Fargo, ND 58102
701-446-1032
gappj@fargo.k12.nd.us

Levi Bachmeier
West Fargo Public Schools
District #6 Admin.
207 Main Avenue West
West Fargo, ND 58078
lbachmeier@west-fargo.k12.nd.us

Robert Wilson
Cass County
211 Ninth Street South
PO Box 2806
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701-241-5770
wilsonro@casscountynd.gov

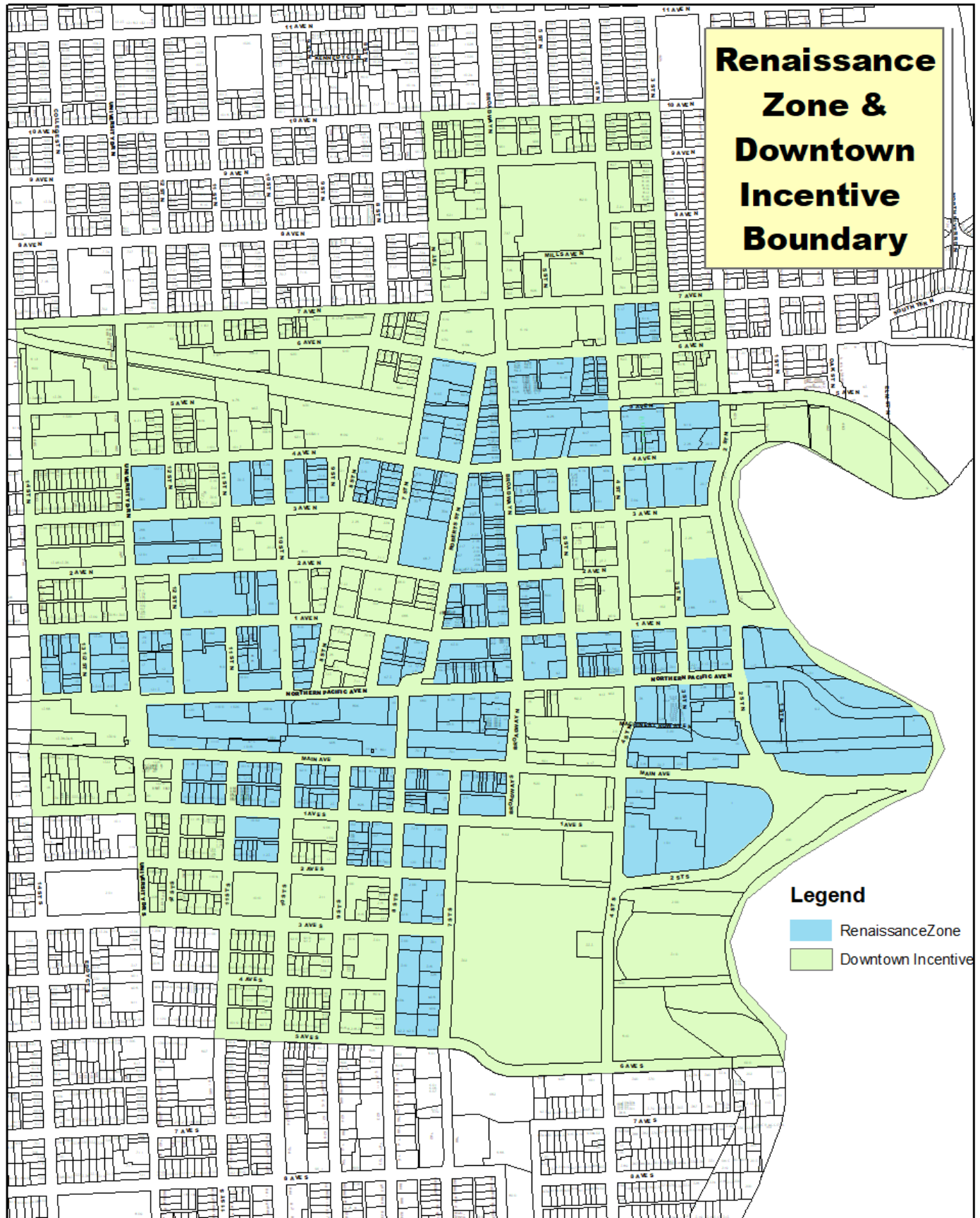
Non-voting advisory members

Mike Splonskowski
225 Fourth Street North
Fargo, ND 58102
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Jim Gilmour
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Joe Raso
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364-1900 293-7819 (fax)
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ejohnson@fargolaw.com



Application For Property Tax Incentives For New or Expanding Businesses

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

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

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

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

This application is a public record

Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>Beyond Shelter, Inc. (BSI) - a North Dakota nonprofit corp.</u>
2.	Address of project <u>2301 University Drive South (Phase I and Phase II)</u>
	City <u>Fargo</u> County <u>Cass</u>
3.	Mailing address of project operator <u>PO Box 310</u>
	City <u>Fargo</u> State <u>ND</u> Zip <u>58107-0310</u>
4.	Type of ownership of project
	<input type="checkbox"/> Partnership <input type="checkbox"/> Subchapter S corporation <input type="checkbox"/> Individual proprietorship <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Cooperative <input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. <u>[REDACTED]</u>
6.	North Dakota Sales and Use Tax Permit No. <u>NA</u>
7.	If a corporation, specify the state and date of incorporation <u>North Dakota, May 1999</u>
8.	Name and title of individual to contact <u>Dan Madler, CEO</u>
	Mailing address <u>PO Box 310</u>
	City, State, Zip <u>Fargo, ND 58107-0310</u> Phone No. <u>701-551-0488</u>

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Property Tax Exemption <u> </u> Number of years <u> </u> Percent of exemption </div> <div style="width: 45%;"> <input checked="" type="checkbox"/> Payments In Lieu of Taxes <u>2024</u> Beginning year <u>2043</u> Ending year <u>attached</u> Amount of annual payments (attach schedule if payments will vary) </div> </div>
10.	Which of the following would better describe the project for which this application is being made:
	<input checked="" type="checkbox"/> New business project <input type="checkbox"/> Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

~~Lot: 1 Block: 2 OAK MANOR LOT 1 BLK 2 LESS HWY R/W (2383 SQ FT TAKEN IN 94) **6-9-94 LEGAL DESC~~
~~CORR (PETITIONED)~~

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

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

☐ Yes ☐ No

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

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

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application Ph I 08/2022

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

92-unit senior-designated affordable rental housing project with detached garages constructed in Two (2)
phases. Each phase will have 46-units.

c. Projected number of construction employees during the project construction 69 per phase, 138 total.

14. Approximate date of commencement of this project's operations Phase I 08/2023 and Phase II 08/2024.15. Estimated market value of the property used for this project:

a. Land.....\$ 1,034,000

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

c. Newly constructed buildings and structures when completed\$ 10,580,000

d. Total.....\$ 11,614,000

e. Machinery and equipment\$ NA

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

a. Land (not eligible) 

b. Eligible existing buildings and structures\$ 0

c. Newly constructed buildings and structures when completed.....\$ 529,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c).....\$ 529,000

e. Enter the consolidated mill rate for the appropriate taxing district 292.12

f. Annual amount of the tax exemption (Line d multiplied by line e)\$ 154,531.00

Description of Project Business

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

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

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

BSI will develop 92-units of senior-designated affordable rental housing to be constructed in Two (2) phases. Each phase will have 46-units and a separate Limited Liability Limited Partnership (LLLP) owner. BSI will be the General Partner of the Two (2) LLLP ownership entities.

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

NA

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

	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Year (12 mo. periods)					
Annual revenue	<u>\$361,316</u>	<u>\$368,672</u>	<u>\$376,043</u>	<u>\$383,562</u>	<u>\$391,230</u>
Annual expense	<u>\$326,869</u>	<u>\$335,175</u>	<u>\$343,730</u>	<u>\$352,542</u>	<u>\$361,618</u>
Net income	<u>\$34,447</u>	<u>\$33,497</u>	<u>\$32,313</u>	<u>\$31,020</u>	<u>\$29,612</u>

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


Current positions & positions added the initial year of project

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

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) <u>0</u>					
	(2) <u>0</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Estimated payroll	(1) <u>0</u>					
	(2) <u>0</u>	<u>61,600</u>	<u>63,448</u>	<u>65,351</u>	<u>67,312</u>	<u>69,331</u>

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☒ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☒ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☒ Yes ☐ No
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
~~BSI or an affiliate of BSI, acting as a General Partner, has received PILOT's for the following affordable housing developoments: The Milton Earl, HomeField Apartments, North Sky Apartments, Crossroads Apartments,~~ 

Business Competition

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

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

~~There are several other LIHTC projects and one (1) Housing Incentive Fund project that are senior designated affordable rental properties in Fargo.~~

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

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No

If the answer to 26 or 27 is Yes, list and explain
 NA

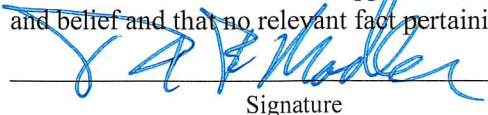
Use Only When Reapplying

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

Notice to Competitors of Hearing

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

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


 Signature

Chief Executive Officer

Title

08/16/2021

Date

PRIVACY ACT NOTIFICATION

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

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

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

☐ **Property Tax Exemption**

____ Number of years

____ Percent of exemption

☐ **Payments in lieu of taxes**

____ Beginning year ____ Ending year

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

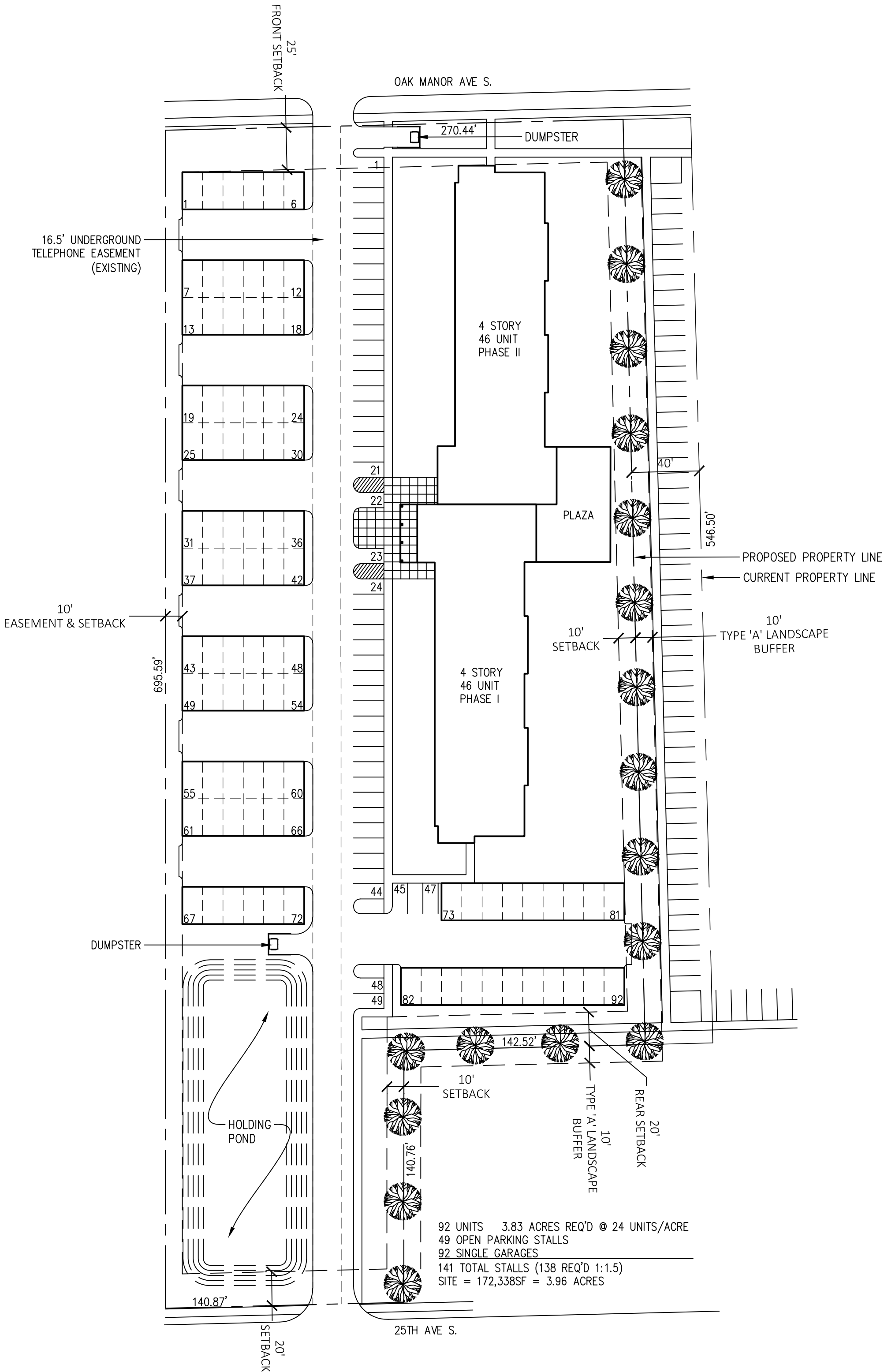
Auditor

Beyond Shelter_Kmart Site - Payment In Lieu of Property Tax Payment Schedule 08.16.21

Cal Year	Year	Phase I PILOT	Phase II PILOT	Total PILOT	Land Tax est. Pmt.	Total Payment
2024	1	\$ -	\$ -	\$ -	\$ 15,103	\$ 15,103
2025	2	\$ -	\$ -	\$ -	\$ 15,405	\$ 15,405
2026	3	\$ -	\$ -	\$ -	\$ 15,713	\$ 15,713
2027	4	\$ 9,200	\$ -	\$ 9,200	\$ 16,027	\$ 25,227
2028	5	\$ 9,384	\$ 9,200	\$ 18,584	\$ 16,348	\$ 34,932
2029	6	\$ 9,572	\$ 9,384	\$ 18,956	\$ 16,674	\$ 35,630
2030	7	\$ 9,763	\$ 9,572	\$ 19,335	\$ 17,008	\$ 36,343
2031	8	\$ 9,958	\$ 9,763	\$ 19,721	\$ 17,348	\$ 37,070
2032	9	\$ 10,158	\$ 9,958	\$ 20,116	\$ 17,695	\$ 37,811
2033	10	\$ 10,361	\$ 10,158	\$ 20,518	\$ 18,049	\$ 38,567
2034	11	\$ 10,568	\$ 10,361	\$ 20,929	\$ 18,410	\$ 39,339
2035	12	\$ 10,779	\$ 10,568	\$ 21,347	\$ 18,778	\$ 40,125
2036	13	\$ 10,995	\$ 10,779	\$ 21,774	\$ 19,154	\$ 40,928
2037	14	\$ 11,215	\$ 10,995	\$ 22,210	\$ 19,537	\$ 41,746
2038	15	\$ 11,439	\$ 11,215	\$ 22,654	\$ 19,928	\$ 42,581
2039	16	\$ 11,668	\$ 11,439	\$ 23,107	\$ 20,326	\$ 43,433
2040	17	\$ 11,901	\$ 11,668	\$ 23,569	\$ 20,733	\$ 44,302
2041	18	\$ 12,139	\$ 11,901	\$ 24,040	\$ 21,147	\$ 45,188
2042	19	\$ 12,382	\$ 12,139	\$ 24,521	\$ 21,570	\$ 46,091
2043	20	\$ 12,630	\$ 12,382	\$ 25,012	\$ 22,002	\$ 47,013
		Totals:		\$ 355,592	\$ 366,954	\$ 722,546

Assumptions:

- 1) First full year of operations for Ph I = 2024
- 2) estimated first full year of operations for Ph II = 2025
- 3) Year 1 through 3 - PILOT pmt = \$0
- 4) Year 4 through 20 - PILOT pmt starts with a base of \$200 per unit for Phase I and steps up annually with a PILOT pmt increase of 2% per year
- 5) Year 5 through 20 - PILOT pmt starts with a base of \$200 per unit for Phase II and steps up annually with a PILOT pmt increase of 2% per year



Project Information

Project/Operator	Beyond Shelter (Kmart Site - Phase I)
Parcel No	01-2210-00040-000-1
Address	2301 University Dr S
Exemption Type	LIHTC - PROPOSED
Term	20
Year Start	2024
Current Mill Levy	.29212
County Mill Levy	.04792
Mill w/o Cty	0.2442
Annual Appreciation	.02
Proposed Imp Val Est.	\$5,290,000
Land Value	\$1,034,000
Existing Bldg Taxable	\$0

Benefit Summary

Full Taxes w/o Incentives - 1 Year

Land Tax	\$15,103
Existing Bldg Tax	\$0
Proposed	\$77,266
TOTAL	\$92,368

Full Taxes w Incentives - 1 Year

Land Tax	\$15,103
Existing Bldg Tax	\$0
Proposed	\$0
TOTAL	\$15,103
Benefit	\$77,266

Total Gross Benefit **\$1,693,243**

		Incentive %	Payments	Full Taxes Due	Benefit	Total Est Tax	Payment w/o County
IncntYr 1	2024	100	\$0	\$77,266	\$77,266	\$15,103	\$0
IncntYr 2	2025	100	\$0	\$78,811	\$78,811	\$15,103	\$0
IncntYr 3	2026	100	\$0	\$80,387	\$80,387	\$15,103	\$0
IncntYr 4	2027	88.7798	\$9,200	\$81,995	\$72,795	\$24,303	\$7,682
IncntYr 5	2028	88.7798	\$9,384	\$83,635	\$74,251	\$24,487	\$7,827
IncntYr 6	2029	88.7798	\$9,572	\$85,308	\$75,736	\$24,674	\$7,972
IncntYr 7	2030	88.7798	\$9,763	\$87,014	\$77,251	\$24,866	\$8,117
IncntYr 8	2031	88.7798	\$9,958	\$88,754	\$78,796	\$25,061	\$8,262
IncntYr 9	2032	88.7798	\$10,158	\$90,529	\$80,372	\$25,260	\$8,407
IncntYr 10	2033	88.7798	\$10,361	\$92,340	\$81,979	\$25,463	\$8,552
IncntYr 11	2034	88.7798	\$10,568	\$94,187	\$83,619	\$25,671	\$8,697
IncntYr 12	2035	88.7798	\$10,779	\$96,070	\$85,291	\$25,882	\$8,842
IncntYr 13	2036	88.7798	\$10,995	\$97,992	\$86,997	\$26,097	\$8,987
IncntYr 14	2037	88.7798	\$11,215	\$99,951	\$88,737	\$26,317	\$9,132
IncntYr 15	2038	88.7798	\$11,439	\$101,951	\$90,511	\$26,542	\$9,276
IncntYr 16	2039	88.7798	\$11,668	\$103,990	\$92,322	\$26,770	\$9,421
IncntYr 17	2040	88.7798	\$11,901	\$106,069	\$94,168	\$27,004	\$9,566
IncntYr 18	2041	88.7798	\$12,139	\$108,191	\$96,051	\$27,242	\$9,711
IncntYr 19	2042	88.7798	\$12,382	\$110,355	\$97,973	\$27,485	\$9,856
IncntYr 20	2043	88.7798	\$12,630	\$112,562	\$99,932	\$27,732	\$10,001
TOTALS			\$184,111		\$1,693,243		\$150,308

Project Information

Project/Operator	Beyond Shelter (Kmart Site - Phase II)
Parcel No	01-2210-00040-000-2
Address	2301 University Dr S
Exemption Type	LIHTC - PROPOSED
Term	20
Year Start	2024
Current Mill Levy	.29212
County Mill Levy	.04792
Mill w/o Cty	0.2442
Annual Appreciation	.02
Proposed Imp Val Est.	\$5,290,000
Land Value	\$0
Existing Bldg Taxable	\$0

Benefit Summary

Full Taxes w/o Incentives - 1 Year

Land Tax	\$0
Existing Bldg Tax	\$0
Proposed	\$77,266
TOTAL	\$77,266

Full Taxes w Incentives - 1 Year

Land Tax	\$0
Existing Bldg Tax	\$0
Proposed	\$0
TOTAL	\$0
Benefit	\$77,266

Total Gross Benefit **\$1,705,873**

		Incentive %	Payments	Full Taxes Due	Benefit	Total Est Tax	Payment w/o County
IncntYr 1	2024	100	\$0	\$77,266	\$77,266	\$0	\$0
IncntYr 2	2025	100	\$0	\$78,811	\$78,811	\$0	\$0
IncntYr 3	2026	100	\$0	\$80,387	\$80,387	\$0	\$0
IncntYr 4	2027	100	\$0	\$81,995	\$81,995	\$0	\$0
IncntYr 5	2028	88.9998	\$9,200	\$83,635	\$74,435	\$9,200	\$7,674
IncntYr 6	2029	88.9998	\$9,384	\$85,308	\$75,924	\$9,384	\$7,816
IncntYr 7	2030	88.9998	\$9,572	\$87,014	\$77,442	\$9,572	\$7,958
IncntYr 8	2031	88.9998	\$9,763	\$88,754	\$78,991	\$9,763	\$8,100
IncntYr 9	2032	88.9998	\$9,958	\$90,529	\$80,571	\$9,958	\$8,242
IncntYr 10	2033	88.9998	\$10,158	\$92,340	\$82,182	\$10,158	\$8,384
IncntYr 11	2034	88.9998	\$10,361	\$94,187	\$83,826	\$10,361	\$8,526
IncntYr 12	2035	88.9998	\$10,568	\$96,070	\$85,502	\$10,568	\$8,668
IncntYr 13	2036	88.9998	\$10,779	\$97,992	\$87,212	\$10,779	\$8,810
IncntYr 14	2037	88.9998	\$10,995	\$99,951	\$88,957	\$10,995	\$8,952
IncntYr 15	2038	88.9998	\$11,215	\$101,951	\$90,736	\$11,215	\$9,095
IncntYr 16	2039	88.9998	\$11,439	\$103,990	\$92,550	\$11,439	\$9,237
IncntYr 17	2040	88.9998	\$11,668	\$106,069	\$94,401	\$11,668	\$9,379
IncntYr 18	2041	88.9998	\$11,901	\$108,191	\$96,289	\$11,901	\$9,521
IncntYr 19	2042	88.9998	\$12,139	\$110,355	\$98,215	\$12,139	\$9,663
IncntYr 20	2043	88.9998	\$12,382	\$112,562	\$100,180	\$12,382	\$9,805
TOTALS			\$171,482		\$1,705,873		\$139,829

Application For Property Tax Incentives For New or Expanding Businesses

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

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

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

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

This application is a public record

Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>Prairie Ridge 4 LLLP</u>
2.	Address of project <u>3361 Westrac Drive South</u>
	City <u>Fargo</u> County <u>Cass</u>
3.	Mailing address of project operator <u>2101 Overland Avenue</u>
	City <u>Billings</u> State <u>MT</u> Zip <u>59102</u>
4.	Type of ownership of project
	<input checked="" type="checkbox"/> Partnership <input type="checkbox"/> Subchapter S corporation <input type="checkbox"/> Individual proprietorship <input type="checkbox"/> Corporation <input type="checkbox"/> Cooperative <input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. XXXXXXXXXX
6.	North Dakota Sales and Use Tax Permit No. _____
7.	If a corporation, specify the state and date of incorporation _____
8.	Name and title of individual to contact <u>Donald J. Sterhan - General Partner</u>
	Mailing address <u>2101 Overland Avenue</u>
	City, State, Zip <u>Billings, MT 59102</u> Phone No. <u>406-254-1677</u>

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.	
<input type="checkbox"/> Property Tax Exemption _____ Number of years _____ Percent of exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes _____ 2023 Beginning year _____ 2040 Ending year _____ Amount of annual payments (attach schedule if payments will vary)
10. Which of the following would better describe the project for which this application is being made:	
<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project

11. Legal description of project real property

Legal Description: Lot 1 Block 1 of Cedar Crest 1 Addition to the City of Fargo also known by
the common street address of: 3361 Westrac Drive S, Fargo, ND Parcel#: 01-8572-00100-000

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

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

☐ Yes ☐ No

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

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

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application Spring 2022

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

Prairie Ridge Residences is designed as a single 4-story building in a "U-shaped" configuration. The 120-unit rental property consists of 82 one-bedroom units, and 38 two-bedroom units. The development is an affordable housing community dedicated to income-qualified seniors aged 55 and over.

c. Projected number of construction employees during the project construction 200 Construction Employees

14. Approximate date of commencement of this project's operations Leasing to start in Summer 2023

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

a. Land..... \$ 536,000

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

c. Newly constructed buildings and structures when completed \$ 15,755,000

d. Total..... \$ 16,291,000

e. Machinery and equipment..... \$ 0

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

a. Land (not eligible)

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

c. Newly constructed buildings and structures when completed..... \$ 788,750
\$787,750

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 788,750
\$787,750

e. Enter the consolidated mill rate for the appropriate taxing district 292.12

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 230,410.00
\$230,118

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

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing
☐ Wholesaling ☐ Warehousing ☒ Services
18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

Prairie Ridge Residences is an affordable housing community dedicated to serving income-qualified seniors aged 55 and over. This housing property is designed to provide for interaction and socialization amongst the senior residents, noting the common area lounges and lobby areas, library, exercise room, etc.

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

N/A

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

	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Year (12 mo. periods)					
Annual revenue	<u>213,623</u>	<u>1,022,630</u>	<u>1,143,020</u>	<u>1,165,880</u>	<u>1,189,198</u>
Annual expense	<u>102,189</u>	<u>844,465</u>	<u>1,068,667</u>	<u>1,085,394</u>	<u>1,102,622</u>
Net income	<u>111,434</u>	<u>178,166</u>	<u>74,353</u>	<u>80,486</u>	<u>86,575</u>

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

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(2) <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Estimated payroll	(1) <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(2) <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☒ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☒ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☒ Yes ☐ No
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
~~The developer previously received tax incentives for a similar affordable housing property in Bismarck, ND~~
known as Century Cottages L.L.P.

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☒ Yes ☐ No
 If YES, give name and location of competing business or businesses
Fargo Housing & Redevelopment Authority, Beyond Shelter, Kilbourne, EPIC, Craig Properties, Enclave, Etc.
- Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

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

Use Only When Reapplying

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

Notice to Competitors of Hearing

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

I, Donald J. Sterhan, 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.

Donald J. Sterhan
 Signature

General Partner

Title

08-16-2021

Date

PRIVACY ACT NOTIFICATION

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

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

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

☐ **Property Tax Exemption**

☐ **Payments in lieu of taxes**

_____ Number of years

_____ Beginning year

_____ Ending year

_____ Percent of exemption

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

Auditor

Notice To Competitors Of Hearing On Application For Property Tax Incentives

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

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

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

(Project operator name and address)

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

(Type of business)

at _____
(Address)

(Legal description)

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

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

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

MPEG

Development Costs -- Prairie Ridge 4 LLLP

Uses of Funds	Total	Per Sq Ft	Per Unit	Depreciable Basis	NR/Rehab Eligible	Acquisition Eligible	Commercial Costs	Non-Depreciable	Amortized	Yrs	Expensed	Historic Basis	Bond Basis	Check	Comments
Land	100%	905,000	10	7,542	0	X	0	0	905,000	0	0	X	905,000	0	
Building	905,000	0	0	0	X	0	0	0	0	0	0	X	0	0	
Acquisition Legal Costs		0	0	0	X	0	0	0	0	0	0	X	0	0	
Other acquisition costs - holding costs		0	0	0	X	0	0	0	0	0	0	X	0	0	
Other acquisition costs		0	0	0	X	0	0	0	0	0	0	X	0	0	
Off-Site Improvements		0	0	0	X	0	0	0	0	0	0	X	0	0	
Site Work - Bldg Life Depr (Utility & Sewer Lines)	800,000	8	6,867	800,000	800,000	0	0	0	0	0	0	X	800,000	0	
Site Work - Non Depr (Grading, Demolition, Land Clearing)	100,000	1	833	0	0	0	0	100,000	0	0	0	X	0	0	
Site Work - 15 Year Depr (Landscaping, fine grading, sidewalks)	200,000	2	1,667	200,000	200,000	0	0	0	0	0	0	X	200,000	0	
Basic Construction	12,530,000	126	104,417	12,530,000	12,530,000	0	0	0	0	0	0	0	12,530,000	0	
Retention %	5.00%														
Personal Property	420,000	4	3,500	420,000	420,000	0	0	0	0	0	0	0	420,000	0	
Gen. Req., Builder's OH & Profit	11.39%	13,333	1,600,000	1,600,000	1,600,000	0	0	0	0	0	0	0	1,600,000	0	
Other Construction Hard Costs - Tap Fees	105,000	1	875	105,000	105,000	0	0	0	0	0	0	0	105,000	0	
Other Construction Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Construction Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL CONSTRUCTION HARD COSTS	#DIV/0!	16,755,000		0	0	0	0	0	0	0	0	0	0	0	
CONSTRUCTION CONTINGENCY	5.00%	787,750	8	6,565	787,750	787,750	0	0	0	0	0	0	787,750	0	
Payment and Performance Bond		118,163	1	985	118,163	118,163	0	0	0	0	0	0	118,163	0	
Architect/Design	3.66%	400,000	4	3,333	400,000	400,000	0	0	0	0	0	0	400,000	0	
Construction Management/Architect Supervision		50,000	1	417	50,000	50,000	0	0	0	0	0	0	50,000	0	
Construction Permits and Fees		85,000	1	708	85,000	85,000	0	0	0	0	0	0	85,000	0	
Lender or MPEG Inspection Fee		15,000	0	125	15,000	15,000	0	0	0	0	0	0	15,000	0	
Engineering		35,000	0	292	35,000	35,000	0	0	0	0	0	0	35,000	0	
Environmental Reporting and Abatement		7,500	0	63	7,500	7,500	0	0	0	0	0	0	7,500	0	
Geotechnical Study/Soil Borings		10,000	0	83	10,000	10,000	0	0	0	0	0	0	10,000	0	
Other Construction Soft Costs - Materials Testing		30,000	0	250	30,000	30,000	0	0	0	0	0	0	30,000	0	
Other Construction Soft Costs - FFE		125,000	1	1,042	125,000	125,000	0	0	0	0	0	0	125,000	0	
Construction Loan Origination Fee		145,000	2	1,208	145,000	145,000	0	0	0	20	0	0	145,000	0	
CONSTRUCTION LOAN INTEREST IN BASIS	648,728	325,000	2	2,708	325,000	325,000	0	0	0	0	0	0	325,000	0	
CONSTRUCTION LOAN INTEREST EXPENSED	325,000	4	2,708	0	0	0	0	0	0	325,000	0	0	0	0	
Construction Period RE Taxes	2,500	0	21	2,500	2,500	0	0	0	0	0	0	0	2,500	0	
Construction Period Insurance	85,000	1	708	85,000	85,000	0	0	0	0	0	0	0	85,000	0	
Other Misc Construction Related	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appraisal	8,500	0	71	8,500	8,500	0	0	0	0	0	0	0	8,500	0	
Market Study	10,000	0	83	10,000	10,000	0	0	0	0	0	0	0	10,000	0	
Survey	10,000	0	83	10,000	10,000	0	0	0	0	0	0	0	10,000	0	
Predevelopment Loan Interest and Fees	20,000	0	167	20,000	20,000	0	0	0	0	15	0	0	20,000	0	
Consulting Fees	0	0	0	0	0	0	0	0	0	15	0	0	0	0	
NDHFA Bonds Costs	221,250	2	1,844	0	0	0	0	221,250	0	0	0	0	0	0	
Loan Origination Fee - Permanent	157,500	2	1,313	0	0	0	0	0	157,500	16	0	0	0	0	
Title & Recording	105,000	1	875	94,500	94,500	0	0	10,500	0	0	0	0	94,500	0	
Legal - Syndication/Organization	25,000	0	208	0	0	0	0	0	20,000	15	5,000	0	0	0	
Legal - Bond/Perm Loan	40,000	0	333	0	0	0	0	0	40,000	25	0	0	0	0	
Legal - Construction	45,000	0	375	45,000	45,000	0	0	0	0	0	0	0	45,000	0	
Due Diligence - Syndicator	55,000	1	458	0	0	0	0	55,000	0	0	0	0	0	0	
Tax Credit Allocation Fee	109,100	1	909	0	0	0	0	0	109,100	10	0	0	0	0	
Tax Credit Compliance Fees	0	0	0	0	0	0	0	0	0	10	0	0	0	0	
Lease-up and Marketing Costs	65,000	1	542	0	0	0	0	0	65,000	1	0	0	0	0	
Accounting/Post Const. Audit	20,000	0	167	20,000	20,000	0	0	0	0	0	0	0	20,000	0	
Soft Cost Contingency	100,000	1	833	100,000	100,000	0	0	0	0	0	0	0	100,000	0	
Other Soft Costs - HIF Origination Fee	150,000	2	1,250	0	0	0	0	150,000	0	2	0	0	0	0	
Other Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Developer Fee - Construction	2,725,000	29	22,768	2,725,000	2,725,000	0	0	0	0	0	0	0	2,725,000	0	
Developer Fee - Acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Developer Fee - Consultant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Initial Operating Reserve	517,611	5	4,313	0	0	0	0	517,611	0	0	0	X	0	0	
Capitalized Replacement Reserve	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Capitalized ACC Reserve	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Capitalized Rev Deficit Reserve	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Capitalized Ins & Tax Escrow	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Capitalized Lease-Up Reserve	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Other Reserves	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Other Reserves	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Other Reserves	0	0	0	0	0	0	0	0	0	0	0	X	0	0	
Accrued Contingent Loan Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Uses	23,589,873		196,582	20,908,913	20,908,913	0	0	1,959,361	391,605		330,000	0	21,612,913	0	

Sources/Uses Surplus (Gap)

0

MPEG

Unit Mix & Rents -- Prairie Ridge 4 LLLP

# Units	# Bathrooms	Description	# Units	Market Income Targeted	Description of Units	5% Discounted Rent	Emergency Rent	Average of Comp	Tenants Est. Utility	Market Units/Rate	Average Market Rate	During Contract	After Contract	Subsidy Type	Term (Yr)	Stipend Term (Yr)	Monthly Comm. Income	Year Monthly Income	Desired Income	Sq Ft / Unit	Total Sq Ft	Max LIHTC Rent (q) (per AMI)	% of Rent Excess of LIHTC Max	Other Income (Rent & Fees LIHTC Max)	Direct Adj. (q) % of Income	% of Rent After Excess Rent	% of Rent Excess Adj. (q) % of Rent
1	1.0	LIHTC	36	50%	1 Bed @ 50% AMI	780	750		26									16,750	2,00%	480	17,725	480	9%		49.3%		ADJUD
1	1.0	LIHTC	48	60%	1 Bed @ 60% AMI	951	778		26									37,975	2,00%	605	30,565	1,028	32%		46.6%		ADJUD
2	1.0	LIHTC	13	50%	2 Bed @ 50% AMI	939	905		39									11,765	2,00%	965	12,545	1,028	8%		46.0%		ADJUD
2	1.0	LIHTC	22	60%	2 Bed @ 60% AMI	1,134	935		39									29,570	2,00%	950	21,230	1,233	21%		41.4%		ADJUD
1	1.0	LIHTC	0	50%	1 Bed @ 50% AMI - HOME	789	666		26									3,488	2,00%	889	5,488	805	11%		41.8%		ADJUD
2	1.0	LIHTC	3	50%	2 Bed @ 50% AMI - HOME	939	834		39									2,540	2,00%	965	3,805	1,028	13%		42.5%		ADJUD
		Total Units	120		50% AMI	41%									0	0											
		Commercial Units	0		50% AMI	58%																					
		Residential Units	120																								
		Percent Residential	100.00%																								

HSD Income
 Median Income / Family of 4: 91,300
 As Of (Date): 3/31/21
 Location: Fargo ND MN USA
 AMI source: HUD

Date AMI checked: 7/23/21

	LIHTC	Market	Commercial	Residential	TOTAL	Garages	Day Care Bldg
Total Units	120	0	0	0	120		
Monthly Rent	97,050	0	0	0	97,050		
Annual Rent	1,164,600	0	0	0	1,164,600	0	0
Total Rentable Sq Ft	92,840	0	0	0	92,840		

B Total Commercial Sq Ft:
16 Commercial Space a Master Lease (Ving)
0 Commercial Rent per Sq Ft:
0 Type of Lease (Ving AMI)
16 Commercial Space Eligible for Historic Credits

	Utilities	Source	Date
Future Paid	Electricity	Fargo Housing & Redevelopment Authority	
Owner Paid	Gas Water Heating, Water, Sewer, Trash		

Max LIHTC Income and Rents

# BDRMS	Firmly Set	Aq	30%	40%	50%	60%	Income	Rent	Income	Rent	Income	Rent	Income	Rent
0	1	0.70	19,150	428	25,000	555	31,850	709	38,250	829	0	0	0	0
1	1.5	0.75	22,500	514	29,000	645	34,200	856	41,100	1,028	0	0	0	0
2	2	0.80	21,900	548	28,200	735	35,500	913	43,800	1,095	0	0	0	0
3	3	0.90	24,650	616	27,850	871	41,100	1,028	49,200	1,233	0	0	0	0
4	4	1.00	27,400	685	28,500	913	43,850	1,141	54,650	1,370	0	0	0	0
5	4.5	1.04	28,500	713	28,000	950	47,500	1,188	56,950	1,424	0	0	0	0
6	5	1.08	29,600	740	29,450	989	49,300	1,233	59,150	1,479	0	0	0	0
7	6	1.16	31,750	794	29,300	1,059	52,950	1,324	63,550	1,589	0	0	0	0
8	7	1.24	33,850	840	29,200	1,130	56,600	1,415	67,950	1,699	0	0	0	0
9	7.5	1.28	35,050	876	29,150	1,169	58,450	1,461	70,100	1,753	0	0	0	0
10	8	1.32	36,150	904	29,200	1,206	60,250	1,506	72,300	1,808	0	0	0	0

4 person very low income: 45,050

[illegible]

MPEG

Operating Expenses -- Prairie Ridge 4 LLLP

	Units	120	Annual Expense	Per Unit	Escalator	Comments	
General & Administrative	Property Management Fee		84,985	542	3.00%	6.0% of Rental Revenues	6.03%
	Misc. Prop. Mgmt. Fees		7,500	63	3.00%	Yards, Rent Café, etc.	
	Accounting/Auditing		6,500	54	3.00%		
	Legal		1,500	13	3.00%		
	Office Supplies & Expense		5,000	42	3.00%		
	Telephone Answering Service		9,500	79	3.00%		
	Other - LIHTC Compliance Monitoring		4,850	40	3.00%		
	Other - Misc. Admin.		0	0	0.00%		
			99,835	832			
Payroll & Related	Administrative Payroll		60,000	500	3.00%		
	Maintenance Payroll		50,000	417	3.00%		
	Repair Payroll		0	0	3.00%		
	Payroll Taxes		10,400	87	3.00%		
	Fringe Benefits		7,250	60	3.00%		
	Other		1,000	8	3.00%	Training	
			128,650	1,072			
Utilities	Electric (Common Area)		8,000	67	3.00%		
	Gas/Fuel Oil/Coal (Common Area)		15,000	125	3.00%		
	Water & Sewer		42,500	354	3.00%		
	Electric (for Units)		22,000	183	3.00%		
	Gas/Fuel Oil/Coal (for Units)		28,200	235	3.00%		
	Other		1,500	13	3.00%		
			117,200	977			
Maintenance & Repair	Cleaning (Janitorial)			0	3.00%		
	Elevator Maintenance		4,000	33	3.00%		
	Exterminating			0	3.00%		
	Fire Alarm Inspection			0	3.00%		
	Grounds Maintenance/Snow Removal		20,000	167	3.00%		
	Grounds Maintenance Contract			0	3.00%		
	Painting & Decorating/Make-ready		920	8	3.00%		
	Repairs			0	3.00%		
	Repairs Contract		25,000	208	3.00%		
	Security			0	3.00%		
	Supplies		20,000	167	3.00%		
	Trash Removal		10,000	83	3.00%		
	Vehicle/Equipment Maintenance			0	3.00%		
	Other - Misc Ops and Maint Expenses			0	3.00%		
	Reserves			0	3.00%		
			79,920	666			
Market & Leasing	Advertising		1,500	13	3.00%		
	Credit Investigations			0	3.00%		
	Leasing Fees			0	3.00%		
	Other			0	3.00%		
			1,500	13			
Taxes & Insurance	Insurance - Liability		24,000	200	3.00%		
	Other Taxes, Licenses & Fees		1,000	8	3.00%		
	Real Estate Taxes		0	0	2.00%	17-year City of Fargo Abatement assumed	
	Property/Liability (Hazard)		14,000	117	3.00%		
	Other		10,000	83	3.00%	Land Tax	
			49,000	408			
Total Annual Operating Budget			475,105				
Annual Operating Budget per Unit (PUPA)			3,968				

MPEG

Cash Flow -- Prairie Ridge 4 LLLP

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	0	TOTAL
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
% of Year in Operation	0.00%	19.46%	93.08%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	
INCOME																				
LHIC and Subsidized Vacancy Override																				
Gross Rent Paid - LHIC Units 7.00%	0	226,450	1,083,795	1,211,850	1,235,883	1,260,600	1,285,813	1,311,529	1,337,759	1,364,515	1,391,805	1,419,641	1,448,034	1,476,994	1,506,534	1,536,665	1,567,388	1,598,746	0	22,263,741
Gross Rent Paid - Sub Units Increase 2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Rent Paid - After Contract 2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Residential Income	0	226,450	1,083,795	1,211,850	1,235,883	1,260,600	1,285,813	1,311,529	1,337,759	1,364,515	1,391,805	1,419,641	1,448,034	1,476,994	1,506,534	1,536,665	1,567,388	1,598,746	0	22,263,741
LHIC Vacancy @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subsidized Residential Vacancy @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market Residential Vacancy @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income / yr @ 2% increase / yr	0	3,250	15,878	17,404	17,752	18,107	18,458	18,836	19,215	19,600	19,992	20,381	20,799	21,215	21,630	22,072	22,514	22,964	0	320,102
Other Income Vacancy @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial @ 2% increase / yr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Vacancy @ 7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Effective Gross Income from Project	0	213,613	1,022,630	1,143,020	1,168,880	1,195,198	1,212,982	1,237,241	1,261,965	1,287,226	1,312,971	1,339,230	1,366,916	1,395,335	1,421,201	1,449,626	1,478,618	1,508,190	0	21,002,974
EXPENSES																				
GENERAL & ADMINISTRATIVE	0	19,412	85,889	105,915	106,092	112,365	115,736	119,206	122,784	126,469	130,262	134,169	138,195	142,340	146,611	151,009	155,539	160,205	0	2,084,998
PAYROLL & RELATED	0	25,015	123,307	136,485	140,579	144,787	149,141	153,651	158,223	162,970	167,859	172,895	178,082	183,424	188,927	194,595	200,432	206,445	0	2,668,791
UTILITIES	0	22,789	112,332	124,327	128,068	131,910	135,867	139,943	144,141	148,465	152,919	157,507	162,232	167,098	172,112	177,276	182,584	188,072	0	2,447,684
MAINTENANCE & REPAIR	0	15,540	76,601	84,787	87,331	89,951	92,649	95,428	98,292	101,240	104,277	107,406	110,626	113,947	117,365	120,886	124,513	128,248	0	1,888,050
MARKETING & LEASING	0	292	1,434	1,591	1,629	1,678	1,729	1,781	1,835	1,890	1,947	2,006	2,067	2,130	2,195	2,262	2,331	2,402	0	31,377
TAXES & INSURANCE	0	9,528	46,095	51,694	53,544	55,550	57,614	59,838	62,224	64,783	67,427	70,163	72,991	75,912	78,925	82,030	85,235	88,541	0	1,023,341
OTHER EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	0	92,616	456,313	518,099	528,252	538,860	551,336	564,434	578,543	593,115	608,209	623,846	639,940	656,511	673,576	691,151	709,245	727,870	0	9,943,210
Replacement Reserve (Funding Req 3 @ \$400)	0	9,813	47,387	52,451	54,024	55,645	57,315	59,034	60,805	62,629	64,508	66,443	68,437	70,490	72,604	74,780	77,026	79,337	0	1,032,530
Total Expenses Including Replacement Reserve	0	102,189	603,720	670,550	682,277	694,505	708,250	727,528	746,348	766,744	788,717	808,288	827,477	848,391	871,180	894,933	919,811	945,346	0	10,975,740
NET OPERATING INCOME	0	111,434	610,910	685,470	691,603	697,693	699,632	691,732	696,812	698,462	694,264	693,942	698,530	694,034	699,421	694,692	699,827	694,848	0	10,027,233
DEBT SERVICE (MUST PAY)																				
First Mortgage Loan																				
Principal Pmt - Perm Loan	0	0	71,880	111,627	116,755	122,118	127,728	133,586	139,734	146,153	152,867	159,890	167,235	174,916	182,954	191,359	200,149	209,344	0	2,468,107
Interest Pmt - Perm Loan	0	0	269,044	390,491	394,363	388,999	383,389	377,521	371,484	365,284	358,925	352,427	345,882	339,296	332,674	326,021	319,350	312,668	0	5,588,397
Loan Servicing and/or MIP Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service - Perm Loan	0	0	269,044	390,491	394,363	388,999	383,389	377,521	371,484	365,284	358,925	352,427	345,882	339,296	332,674	326,021	319,350	312,668	0	8,007,504
Cash-flow after debt service - 1st	0	111,434	178,166	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	0	2,019,729
Debt coverage ratio after 1st mortgage	0.00	0.00	1.52	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	0.00
Second Mortgage Loan																				
Principal Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Servicing and/or MIP Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash-flow after debt service - 2nd	0	111,434	178,166	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	0	2,019,729
Debt coverage ratio (TIF Note only)	0.00	0.00	1.52	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	0.00
Third Mortgage Loan																				
Principal Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Servicing and/or MIP Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash-flow after debt service - 3rd	0	111,434	178,166	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	0	2,019,729
Debt coverage ratio after 3rd mortgage	0.00	0.00	1.52	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	0.00
Fourth Mortgage Loan																				
Principal Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Servicing and/or MIP Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash-flow after debt service - 4th	0	111,434	178,166	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	74,352	0	2,019,729
Debt coverage ratio after 4th mortgage	0.00	0.00	1.52	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	0.00

MPEG

Cash Flow -- Prairie Ridge 4 LLLP

Project Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	0	TOTAL
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
Fifth Mortgage Loan																				
Principal Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Pmt -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Servicing and/or MIP Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cashflow after debt service - 5th	0	111,434	178,166	74,362	89,486	86,575	82,814	86,896	104,616	110,365	116,137	121,826	127,421	132,917	138,384	143,676	148,719	153,728	0	2,019,729
Debt coverage ratio after 5th mortgage	0.00	0.00	1.52	1.15	1.16	1.17	1.18	1.19	1.20	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	0.00	
Cash Flow From Operations for Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Release of Operating Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Required Payments & Funding of Operating Reserve	0	111,434	178,166	74,362	89,486	86,575	82,814	86,896	104,616	110,365	116,137	121,826	127,421	132,917	138,384	143,676	148,719	153,728	0	2,019,729
RESERVE WITHDRAWALS																				
1.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYMENTS CONTINGENT ON AVAILABLE CASH FLOW																				
1 Annual MPEG Asset Management Fee	0	9,000	9,270	9,546	9,825	10,130	10,435	10,746	11,060	11,401	11,743	12,095	12,458	12,837	13,217	13,613	14,022	14,447	0	195,854
2 Deferred Developer Fee - Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Deferred Developer Fee - Principal	0	102,434	165,886	64,804	70,852	76,446	82,181	87,850	93,447	98,964	104,504	109,729	114,981	120,450	126,140	132,053	138,192	144,557	0	1,251,207
4 Incentive Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	51,401
5.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	4,364	12,508	12,996	13,479	13,928	0	57,267

Project Information

Project/Operator	Prairie Ridge 4 LLLP -(LIHTC)
Parcel No	01-8572-00100-000
Address	3361 Westrac Dr
Exemption Type	LIHTC - PROPOSED
Term	17
Year Start	2023
Current Mill Levy	.29212
County Mill Levy	.04792
Mill w/o Cty	0.2442
Annual Appreciation	.02
Proposed Imp Val Est.	\$15,755,000
Land Value	\$536,000
Existing Bldg Taxable	\$0

Benefit Summary

Full Taxes w/o Incentives - 1 Year

Land Tax	\$7,829
Existing Bldg Tax	\$0
Proposed	\$230,118
TOTAL	\$237,946

Full Taxes w Incentives - 1 Year

Land Tax	\$7,829
Existing Bldg Tax	\$0
Proposed	\$0
TOTAL	\$7,829
Benefit	\$230,118

Total Gross Benefit **\$4,605,128**

		Incentive %	Payments	Full Taxes Due	Benefit	Total Est Tax	Payment w/o County
IncntYr 1	2023	100	\$0	\$230,118	\$230,118	\$7,829	\$0
IncntYr 2	2024	100	\$0	\$234,720	\$234,720	\$7,829	\$0
IncntYr 3	2025	100	\$0	\$239,414	\$239,414	\$7,829	\$0
IncntYr 4	2026	100	\$0	\$244,203	\$244,203	\$7,829	\$0
IncntYr 5	2027	100	\$0	\$249,087	\$249,087	\$7,829	\$0
IncntYr 6	2028	100	\$0	\$254,068	\$254,068	\$7,829	\$0
IncntYr 7	2029	100	\$0	\$259,150	\$259,150	\$7,829	\$0
IncntYr 8	2030	100	\$0	\$264,333	\$264,333	\$7,829	\$0
IncntYr 9	2031	100	\$0	\$269,619	\$269,619	\$7,829	\$0
IncntYr 10	2032	100	\$0	\$275,012	\$275,012	\$7,829	\$0
IncntYr 11	2033	100	\$0	\$280,512	\$280,512	\$7,829	\$0
IncntYr 12	2034	100	\$0	\$286,122	\$286,122	\$7,829	\$0
IncntYr 13	2035	100	\$0	\$291,845	\$291,845	\$7,829	\$0
IncntYr 14	2036	100	\$0	\$297,682	\$297,682	\$7,829	\$0
IncntYr 15	2037	100	\$0	\$303,635	\$303,635	\$7,829	\$0
IncntYr 16	2038	100	\$0	\$309,708	\$309,708	\$7,829	\$0
IncntYr 17	2039	100	\$0	\$315,902	\$315,902	\$7,829	\$0

TOTALS

\$0

\$4,605,128

\$0