

PROPERTY TAX INCENTIVE APPLICATION FOR
ALDEVRON

SUGGESTED MOTION:

Move to participate in the request for a payment in lieu of taxes (PILOT) incentive for a new biologic manufacturing facility submitted by Aldevron for a 10-year period.

OR

SUGGESTED MOTION:

Move to not participate at this time in the request for a payment in lieu of taxes (PILOT) incentive for a new biologic manufacturing facility submitted by Aldevron for a 10-year period, and to negotiate the terms of the property tax incentive with the city as described in N.D.C.C. Chapter 40-05-24.



RECEIVED
CASS COUNTY COMMISSION

JUL 16 2019

ASSESSMENT DEPARTMENT

June 12, 2019

Mary Scherling, Chairman
Cass County Commission
211 9th St. S.
Fargo, ND 58103

Ms. Scherling,

According to N.D.C.C. Chapter 40-05-24 (enclosed), if the City of Fargo anticipates granting a property tax incentive for more than five years, the Chairman of the Cass County Commission must be notified by letter. Within thirty days of receipt of the letter, the Cass County Commission shall notify the City of Fargo whether they intend to participate in the incentive.

The City of Fargo has received an application from Aldevron for a payment in lieu of tax (PILOT) incentive for the construction of a new biologic manufacturing facility.

The PILOT request is for the equivalent of a ten-year exemption on the building for five years at 100% exempt and five years at 50% exempt. The Fargo Tax Exempt Review Committee will meet with the applicant on Tuesday, July 23, 2019 to consider a recommendation to the City Commission. The City Commission hearing on this application will be on August 12, 2019.

The proposed PILOT payment schedule is in lieu of property tax on the project improvements. Land will continue to be assessed the real estate tax.

Please respond at your earliest convenience with the determination made by the Cass County Commission regarding the participation.

Thank you.

Ben Hushka

Fargo City Assessor
cc: Robert Wilson

Worden, Heather

From: Ben Hushka <BHushka@FargoND.gov>
Sent: Tuesday, July 16, 2019 2:18 PM
To: Wilson, Robert; Worden, Heather
Subject: Letter Informing You of Aldevron PILOT Application

CAUTION: EXTERNAL EMAIL

The date of the letter I sent informing you of the PILOT application submitted by Aldevron had the incorrect date on it.

The date of the letter should have been **July 15, 2019**.

Sorry for any confusion.

Ben Hushka | City Assessor | Fargo Assessment Department | 225 4 St. N. Fargo, ND 58102
office: 701-241-1340 | fax: 701-241-1339 | bhushka@FargoND.gov

40-05-24. Duties of cities granting property tax incentives.

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this section means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.
6. Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section. (Effective for property tax incentives approved after July 31, 2017)

**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

RECEIVED

JUL 10 2019

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

Identification Of Project Operator

1.	Name of project operator of new or expanding business	<u>Aldevron</u>	
2.	Address of project	<u>Lot 3, Block 1, Woodhaven Plaza Addition</u>	
	City	<u>Fargo</u>	
	County	<u>Cass</u>	
3.	Mailing address of project operator	<u>4055 41st Ave S</u>	
	City	<u>Fargo</u>	
	State	<u>ND</u>	
	Zip	<u>58104</u>	
4.	Type of ownership of project		
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship
	<input type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input checked="" type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No.	<u>45-0451327</u>	
6.	North Dakota Sales and Use Tax Permit No.	<u>166066</u>	
7.	If a corporation, specify the state and date of incorporation	<u></u>	
8.	Name and title of individual to contact	<u>Brian Walters</u>	
	Mailing address	<u>4055 41st Ave S</u>	
	City, State, Zip	<u>Fargo, ND 58104</u>	
	Phone No.	<u>701-499-7314</u>	

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific. <i>PILOT based on 5 years at 100%, 5 years at 50%</i>	
	<input type="checkbox"/> Property Tax Exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes
	<u> </u> Number of years	<u>2021</u> Beginning year <u>2030</u> Ending year
	<u> </u> Percent of exemption	<u> </u> 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 checked="" type="checkbox"/> Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

Lot 3, Block 1, Woodhaven Plaza Addition, a Replat of Block 2 of Prairie Tech Addition to the City of Fargo, Cass County, North Dakota

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

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

Yes No

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

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

If existing facility, when was it constructed? 2018

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application 08/15/2019

b. Description of project to be constructed including size, type and quality of construction
Aldevron will construct a 180,000 square foot, state of the art, clinical and commercial biologics manufacturing facility. The facility will be a concrete tilt-up construction. The project will also include a 20,000 square foot expansion to our current GMP production facility located at the same site.

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

14. Approximate date of commencement of this project's operations Estimated Q1 of 2021

15. 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 and structures when completed \$ 43,000,000

d. Total..... \$ 46,000,000

e. Machinery and equipment \$ 26,000,000

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..... \$ 2,150,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 2,150,000

e. Enter the consolidated mill rate for the appropriate taxing district 288.60

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 620,490

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).
Presently operating at 3233 15th St S, 3239 15th St S, 3301 S University, 4837 Amber Valley Parkway and 4055 41st Ave S in Fargo as Aldevron. Tax exemption for 4055 41st Ave S received in 2016.

Business Competition

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

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

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

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No

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

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

Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):

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

Notice to Competitors of Hearing

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

I, Brian Walters, 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 CBO Title 6/10/09

 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



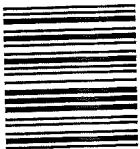
AT POST OFFICE
225 4th Street North
Fargo, ND 58102-4817

Return Service Requested

Mary Scherling, Chairman
Cass County Commission
211 9th St. S.
Fargo, ND 58103



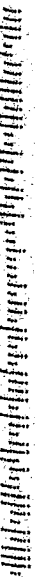
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58103

U.S. POSTAGE PAID
FCM LETTER
FARGO, ND
JUL 15, '19
AMOUNT
\$0.70
R2304P118761-06

5810381598 0014



Worden, Heather

From: Ben Hushka <BHushka@FargoND.gov>
Sent: Saturday, July 27, 2019 8:13 AM
To: James Gilmour; Worden, Heather
Cc: Wilson, Robert
Subject: RE: Aldevron Tax Incentive Project
Attachments: 2019NewIndustry100PointAldevron.pdf; Updated Tax Exempt Review Policy APPROVED BY COMMISSION 20190225.pdf

CAUTION: EXTERNAL EMAIL

Attached is Aldevron's score (100 points needed for recommended approval).

Also attached is the current Tax Exempt Review Committee policy document. The primary sector evaluation system is defined on pages 3-7.

Ben Hushka | City Assessor | Fargo Assessment Department | 225 4 St. N. Fargo, ND 58102
office: 701-241-1340 | fax: 701-241-1339 | bhushka@FargoND.gov

From: James Gilmour <JGilmour@FargoND.gov>
Sent: Friday, July 26, 2019 2:50 PM
To: Worden, Heather <WordenH@casscountynd.gov>
Cc: Wilson, Robert <WilsonRo@casscountynd.gov>; Ben Hushka <BHushka@FargoND.gov>
Subject: RE: Aldevron Tax Incentive Project

We don't do a "but for" report on job creation projects. I'll have Ben Hushka send you the scoring criteria for your review.

Jim Gilmour

From: Worden, Heather <WordenH@casscountynd.gov>
Sent: Friday, July 26, 2019 2:24 PM
To: James Gilmour <JGilmour@FargoND.gov>
Cc: Wilson, Robert <WilsonRo@casscountynd.gov>
Subject: Aldevron Tax Incentive Project

Jim,

The tax incentive application for Aldevron will be considered at the August 5th Cass County Commission meeting. The only information we have received is the cover letter and application.

Do you have the "but for test" information and any other information to be included for our board to review?

Exemption Evaluation Calculator 2019			142.8
Aldevron			Points
Project Type Code (Ctrl-C to view)		1	38.0
Current Number Of Employees		315	
Hourly Salary Without Benefits	# Jobs		
Under \$13.00	1		
\$13.01-\$15.00	3		
\$15.01-\$20.00	22		
\$20.01-\$28.00	25	Pts. For # Jobs->	25.0
\$28.01-\$35.00	48	Pts. For \$ Jobs->	24.8
Over \$35.00	6		
TOTAL # OF JOBS CREATED	105		
% GI w/ Local Competition (not downtown)		0%	25.0
Value of Proposed Buildings		\$ 43,000,000	30.0
Downtown Location (Y/N)		N	0.0
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	0.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	0.0
Number of Years (Exemption)		10	
Building Age (if substantial renovation)		0	0.0
RECOMMENDATION IS TO APPROVE			
Description		Manufacturing	
Estimated New Annual Payroll		\$5,796,960	
Estimated Annual Real Estate Tax		\$1,004,588	
Estimated PV of Exemption		\$7,757,158	
Payroll / PV of Exemption		0.7	
Property Value / # of Jobs		\$ 409,524	

Code Description

- 1 Manufacturing, remanufacturing or processing of raw material or base product
- 2 Provide products or support services to local original equipment manufacturers
- 3 Primary sector packaging or distribution of a product not manufactured locally
- 4 Packaging or distribution of a product not manufactured locally
- 5 Service industry WITH NO LOCAL COMPETITION that serves a support function of which at least 70% of service is provided outside of a 250 mile radius
- 6 Housing Units under management of the FHRA built solely for low income residents
- 7 LIHTC projects built for low income residents and constructed to specific design specs
- 8 Housing Units built in the Downtown Area Plan
- 9 Projects engaging in new technology research
- 10 Common service (accountants, marketing, developers, legal, etc)
- 11 Facilities that consist of storage-only warehousing.
- 12 Retail projects
- 13 Hotels & motels
- 14 Health Care
- 15 Education

City of Fargo Tax Exempt Review Committee
Policy & Guidelines

February 2019

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

General Evaluation Objectives For Job Creation and Retention Projects

The City of Fargo 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. More specific detailed policies and guidelines may apply differently to each individual incentive option. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Fargo Board of City Commissioners.

Economic Impact to the City of Fargo

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 of Fargo 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 of Fargo 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.

Kinds of Businesses Targeted For Possible Incentives

- The City will typically 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 Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.
- The business must receive "Primary Sector" designation from the ND Department of Commerce and submit that information along with the incentive application.

General Evaluation Objectives For Job Creation and Retention Projects

- Targeted primary sector businesses are:
 1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
 2. Those providing packaging and distribution of end products.
 3. 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.

- The City is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

Kinds of Businesses Typically Not Eligible For Incentives

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
 - Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities.
- General warehousing facilities

Evaluation Point System To Be Used As A Guide

A point system will be utilized 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 for incentives, it will be used as a tool to quantify certain criteria.

General Evaluation Objectives For Job Creation and Retention Projects

A total of 100 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
+13	Distribution
+25	Primary Sector Distribution
+38	Primary Sector Service Industry
+38	Technology Research
-63	Common Service Industry
-63	Warehousing
-63	Retail
-63	Lodging Industry

Jobs Created (Initial Year):

<u>Points</u>	<u>Number of Jobs</u>
+ 0	1-10
+15	11-50
+20	51-100
+25	101-250
+30	251+

<u>Points</u>	<u>Hourly Salary w/o Benefits</u>	
- 25	Under \$13.00	
+ 0	\$13.01 - \$15.00	A weighted average of points will be used according to the number of jobs created in each range.
+25	\$15.01 - \$20.00	
+30	\$20.01 - \$28.00	
+35	\$28.01 - \$35.00	
+50	Over \$35.00	

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%

General Evaluation Objectives For Job Creation and Retention Projects

Value of Proposed Buildings:

<u>Points</u>	<u>Proposed Building Value</u>
+ 0	Up to \$80,000
+ 5	\$80,001 - \$100,000
+ 7.5	\$100,001 - \$500,000
+ 10	\$500,001 - \$1,000,000
+12.5	\$1,000,001 - \$5,000,000
+ 15	\$5,000,001 - \$10,000,000
+ 20	\$10,000,000 - \$15,000,000
+ 30	Over \$15,000,000

Startup Firms:

<u>Points</u>	<u>Startup</u>
+15	New "startup" projects

Timing Of Filing Application:

<u>Points</u>	<u>Application Filing</u>
-100	If filed after start of construction on a new building
-100	If filed after occupancy on an existing building

General Evaluation Objectives For Job Creation and Retention Projects

Below is an example using the point system on a sample project:

Exemption Evaluation Calculator			117.9
SAMPLE			Points
Project Type Code (Ctrl-C to view)		1	38.0
Current Number Of Employees		171	
Hourly Salary Without Benefits	# Jobs		
Under \$13.00	0		
\$13.01-\$15.00	0		
\$15.01-\$20.00	25		
\$20.01-\$28.00	15	Pts. For # Jobs->	20.0
\$28.01-\$35.00	0	Pts. For \$ Jobs->	19.9
Over \$35.00	15		
TOTAL # OF JOBS CREATED	55		
% GI w/ Local Competition (not downtown)		75%	-25.0
Value of Proposed Buildings		\$ 5,004,300	15.0
Downtown Location (Y/N)		Y	25.0
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	0.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	0.0
Number of Years (Exemption)		10	
Building Age (if substantial renovation)		0	0.0
RECOMMENDATION IS TO APPROVE			
Description		Manufacturing	
Estimated New Annual Payroll		\$2,782,000	
Estimated Annual Real Estate Tax		\$116,913	
Estimated PV of Exemption		\$902,771	
Payroll / PV of Exemption		3.1	
Property Value / # of Jobs		\$ 90,987	

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 1 OF 5

This policy sets forth the criteria under which the Cass County Board of Commissioners may grant tax exemptions for new or expanding businesses, whether commercial, industrial or service. The Cass County Board of Commissioners states that its purpose in adopting this policy is to sanction, authorize, and encourage activities in the public interest and for the welfare of the State of North Dakota, its political subdivisions, and the people by assisting in the establishment of additional industrial plants, the expansion and retention of existing business, and promotion of economic activities within the State, and thereby increasing production of wealth, and adding to the volume of employment. This policy is a business expansion and jobs creation policy and applies to new and existing businesses as well as new or existing buildings. This tax incentive policy shall apply only to businesses that locate in Cass County, outside of any incorporated city.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1) [Page 10]

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, at the commission's discretion, evaluated on a case by case basis. 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) again at the commission's discretion. The amount of those payments would be determined through negotiations with the County and the project operator.

The following guidelines are recommended:

Cass County will use as a guide the general review criteria below in evaluating the applications for assistance. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Cass County Commission.

- 1) A \$100.00 non-refundable fee is required to begin the application process. In addition, the project operator shall publish two notices, the form of which shall be prescribed by the State Board of Equalization. This notice to competitors of such an application for tax exemption shall be published in the official newspaper at least one week apart and not less than 15, nor more than 30 days, before the Board of Commissioners is scheduled to consider such application.
- 2) A new business to the community must not gain unfair advantage with existing competitors using the exemption. The "unfair advantage" argument must be made by a competitive business, in writing, to the Board of Commissioners within 15 days after publication of the official notice.
- 3) An existing business is eligible for tax exemption if expansion of the business includes new jobs and a minimum 20% increase in taxable property value, limited to the assessed valuation of the expansion. Property tax liability on existing buildings are not eligible for the exemption.
- 4) Warehousing and retail projects would not receive exemptions unless the owner could prove need or provide other information to justify granting the exemption.
- 5) Growth projections in the community must be verifiable through either the County Assessor or County Auditor's Office.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

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Economic Impact to the County

The economic impact to the County 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 county.

Diversification and Growth of the Economic Base

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

Number and Type of Jobs to be Created

The County 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.

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 County will also be interested in the company's history of growth, potential for future growth, and the general outlook for growth of the industry.

If requested by the County, the developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, cash escrows, and personal guaranties. If requested by the County, or its consultants, the developer shall provide sufficient financial, environmental, or other data relative to the successful operation of the project.

Kinds of Businesses Targeted for Possible Incentives

The County will typically assist primary sector businesses. Primary sector businesses are those in which at least 70% of the revenues generated by the product or service, they provide come from outside the Fargo trade area (150-mile radius). The product may be completed by another firm (i.e. Cardinal Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.

The business must receive "Primary Sector" designation from the North Dakota Department of Commerce and submit that information along with the incentive application. Targeted primary sector businesses are:

1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
2. Those providing packaging and distribution of end products.
3. 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.

The County is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 3 OF 5

Kinds of Businesses Typically Not Eligible for Incentives:

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
- Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities
- General warehousing facilities

Evaluation Point System to Be Used as A Guide

A point system will be utilized 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 for incentives, it will be used as a tool to quantify certain criteria.

A total of 100 points is required for recommended approval under the point system. The following is a breakdown of the criteria evaluated by the point system:

Project Type:

Points	Project Description
+38	Manufacturing
+25	Support Services
+13	Distribution
+25	Primary Sector Distribution
+38	Primary Sector Service Industry
+38	Technology Research
-63	Common Service Industry
-63	Warehousing
-63	Retail
-63	Lodging Industry

Jobs Created (Initial Year):

Points	Number of Jobs
+ 0	1-10
+15	11-50
+20	51-100
+25	101-250
+30	251+

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Points Hourly Salary w/o Benefits

- 25 Under \$13.00	
+ 0 \$13.01 - \$15.00	A weighted average of points will be used according to the number of jobs created in each range.
+25 \$15.01 - \$20.00	
+30 \$20.01 - \$28.00	
+35 \$28.01 - \$35.00	
+50 Over \$35.00	

Local Competition:

Points % of Gross Income with Any Local Competition

+25 0% - 10%
+15 11% - 30%
+0 31% - 50%
-25 Over 50%

Value of Proposed Buildings:

Points Proposed Building Value

+ 0 Up to \$80,000
+ 5 \$80,001 - \$100,000
+ 7.5 \$100,001 - \$500,000
+ 10 \$500,001 - \$1,000,000
+12.5 \$1,000,001 - \$5,000,000
+ 15 \$5,000,001 - \$10,000,000
+ 20 \$10,000,000 - \$15,000,000
+ 30 Over \$15,000,000

Startup Firms:

Points Startup

+15 New "startup" projects

Timing of Filing Application:

Points Application Filing

-100 If filed after start of construction on a new building
-100 If filed after occupancy on an existing building

Incentive Agreement and Reporting Requirements

Each company receiving a business incentive shall be subject to a business incentive agreement with the County as well as the State of ND and reporting provisions and requirements set forth by the ND Century Code and summarized below:

1) Progress Reports

The recipient shall file a report annually for two years after receiving the incentive or until all goals set forth in the incentive agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of ND and shall be filed with the County no later than March 1 of each year for the progress made the previous year.

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2) Maintain Facility

The recipient agrees to maintain and operate its facility at the site where the incentive is used for a period of five years after the date the incentive is provided.

3) Failure to Comply

Business failing to comply with the incentive program will be subject to fines and repayment requirements and will be deemed ineligible to receive any future incentives for a period of five years.

Incentive Application Process and Procedure

Application for business incentives must be made on forms provided by the County and include the \$100.00 non-refundable fee. Following a review and evaluation by appropriate County Staff and/or County's consultant, (GFMEDC), the application shall be referred to the Cass County Commission for further action.

The application packet shall include: a detailed description of the project, preliminary site plan, the incentive amount requested, public purpose of the project, number and type of jobs to be created, wages and benefits, verifiable funding sources and uses, projected project financial statements.

Applicants must complete and submit a property tax clearance record which can be obtained from the state tax office. The purpose of this document is to show the applicant is current on existing property tax liabilities.

In those cases, where an application for tax exemption involves new construction, an exemption which has been granted will be considered lapsed and invalid if construction has not begun in 1 year and/or completed in 2 years. Notice will be sent to the project operator 90 days prior to the exemption lapsing. If, however, the business submits information prior to the exemption lapsing outlining circumstances which necessitate a longer construction schedule, the County Commission can vote to extend the construction period.

If an exemption has been granted and the project operator wishes to locate the operation in another facility, the exemption may be transferred to the new building if the value of the new building is no more than 15% higher than that of the building for which the exemption was originally granted or if the capital investment in the project does not increase by more than 20%. If the new building is more than 15% greater in estimated value or the capital investment in the project increases by more than 20%, the County Commission will reconsider the exemption.

HISTORICAL REFERENCE DATE: JUNE 5, 1995
AUGUST 3, 1998
FEBRUARY 21, 2006
JANUARY 2, 2018