

PROPERTY TAX INCENTIVE APPLICATION FOR ALDEVRON
(Jim Gilmour)

SUGGESTED MOTION:

Move to participate in the request for a payment in lieu of taxes (PILOT) incentive for renovations and an addition to a biotechnology and research 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 renovations and an addition to a biotechnology and research 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.



ASSESSMENT DEPARTMENT

RECEIVED
CASS COUNTY COMMISSION

AUG 26 2020

August 24, 2020

Chad Peterson, Chairman
Cass County Commission
211 9th St. S.
Fargo, ND 58103

Mr. Peterson,

According to N.D.C.C. Chapter 40-05-24 (attached), if the City of Fargo anticipates granting a property tax incentive for more than five years, the Chairman of the County Commission must be notified by letter. Within thirty days of receipt of the letter, the 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 on an existing facility plus a new addition, for research and development of biotechnologies and manufacturing of therapeutic products, with an estimated improvement value of \$5,800,000.

The request is for a 10 year PILOT based on an exemption equivalent of 100% of the building value for the first 5 years, and a 50% exemption of the building value for the second five year period, with an annual appreciation of 2%.

The land would be fully taxable with an estimated value of \$900,000 and annual tax of approximately \$13,100.

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

Thank you.

Mike Splonskowski

A handwritten signature in black ink that reads "Mike Splonskowski". The signature is written in a cursive style with a prominent "M" and "S".

Fargo City Assessor

cc: Robert Wilson

Payment In Lieu of Property Tax
Payment Schedule

Pursuant to N.D.C.C. Chapter 40-51.7

PROJECT OPERATOR: Aldevron

ASSUMPTIONS: **\$5,800,000 Improvement Value**

Year 1-5 100% improvement exemption

Year 6-10 50% PILOT with 2% annual appreciation

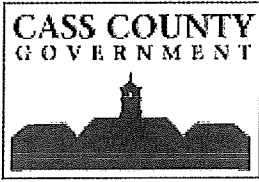
PAYMENT SCHEDULE:

	YEAR	PAYMENT
1		\$0
2		\$0
3		\$0
4		\$0
5		\$0
6		\$46,817
7		\$47,754
8		\$48,709
9		\$49,683
10		\$50,676

**Note - The applicant will pay property tax on the land in addition to these in lieu payments.

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)



August 31, 2020

**County
Administrator**

Robert W. Wilson
701-241-5770
wilsonro@casscountynd.gov

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

Re: Cass County Participation in PILOT Incentive – Aldevron

Dear Jim:

The Cass County Commission Office received information regarding a 10-year Payment in Lieu of Taxes (PILOT) Incentive for Aldevron.

Per our conversation today about the timeline and when the project will be considered by the Fargo Tax Exempt Review Committee, the county chooses to negotiate with the city as described in NDCC 40-05-24.

The PILOT incentive project will be scheduled on the Cass County Commission agenda for October 5, 2020.

Please contact me if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "R. W. Wilson", is written over the typed name.

Robert W. Wilson
Cass County Administrator

PO Box 2806
211 Ninth Street South
Fargo, North Dakota 58108

www.casscountynd.gov

RECEIVED

AUG 24 2020

FARGO ASSESSOR

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 Aldevron
2. Address of project 3001 University Drive South
City Fargo County Cass
3. Mailing address of project operator 4055 41st Ave S
City Fargo State ND Zip 58104
4. Type of ownership of project
[] Partnership [] Subchapter S corporation [] Individual proprietorship
[] Corporation [] Cooperative [x] Limited liability company
5. Federal Identification No. or Social Security No.
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 Marc Wolff
Mailing address 4055 41st Ave S
City, State, Zip Fargo, ND 58104 Phone No. 701-551-8701

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific. PILOT based on 5 years at 100%, 5 years at 50%
[] Property Tax Exemption [x] Payments In Lieu of Taxes
Number of years 2021 Beginning year 2030 Ending year
Percent of exemption Amount of annual payments (attach schedule if payments will vary)
10. Which of the following would better describe the project for which this application is being made:
[x] New business project [] Expansion of a existing business project

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).

Aldevron will renovate the existing building to a state of the art biologics R&D and manufacturing facility to produce therapeutic products and reagents for biotechnology and pharmaceutical companies worldwide. Products to be manufactured will include plasmid DNA, mRNA and proteins for a variety of research grade applications.

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

Aldevron will install biologics manufacturing and analytical equipment including bioreactors, chromatography equipment, analytical instruments and genetic sequencers.

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

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	4,794,572	5,513,758	6,340,821	7,291,945	8,385,736
Annual expense	3,883,603	4,466,144	5,136,065	5,906,476	6,792,446
Net income	910,969	1,047,614	1,204,756	1,385,469	1,593,290

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
416	0	0	20	24	5	2

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 416	427	437	447	457	467
	(2) _____	_____	_____	_____	_____	_____
Estimated payroll	(1) 26.2mm	26.7mm	27.2mm	27.7mm	28.2mm	28.7mm
	(2) _____	_____	_____	_____	_____	_____

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

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? Yes No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No

24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
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 2019.

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 President, Antibody BU 8/21/2020
Title 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

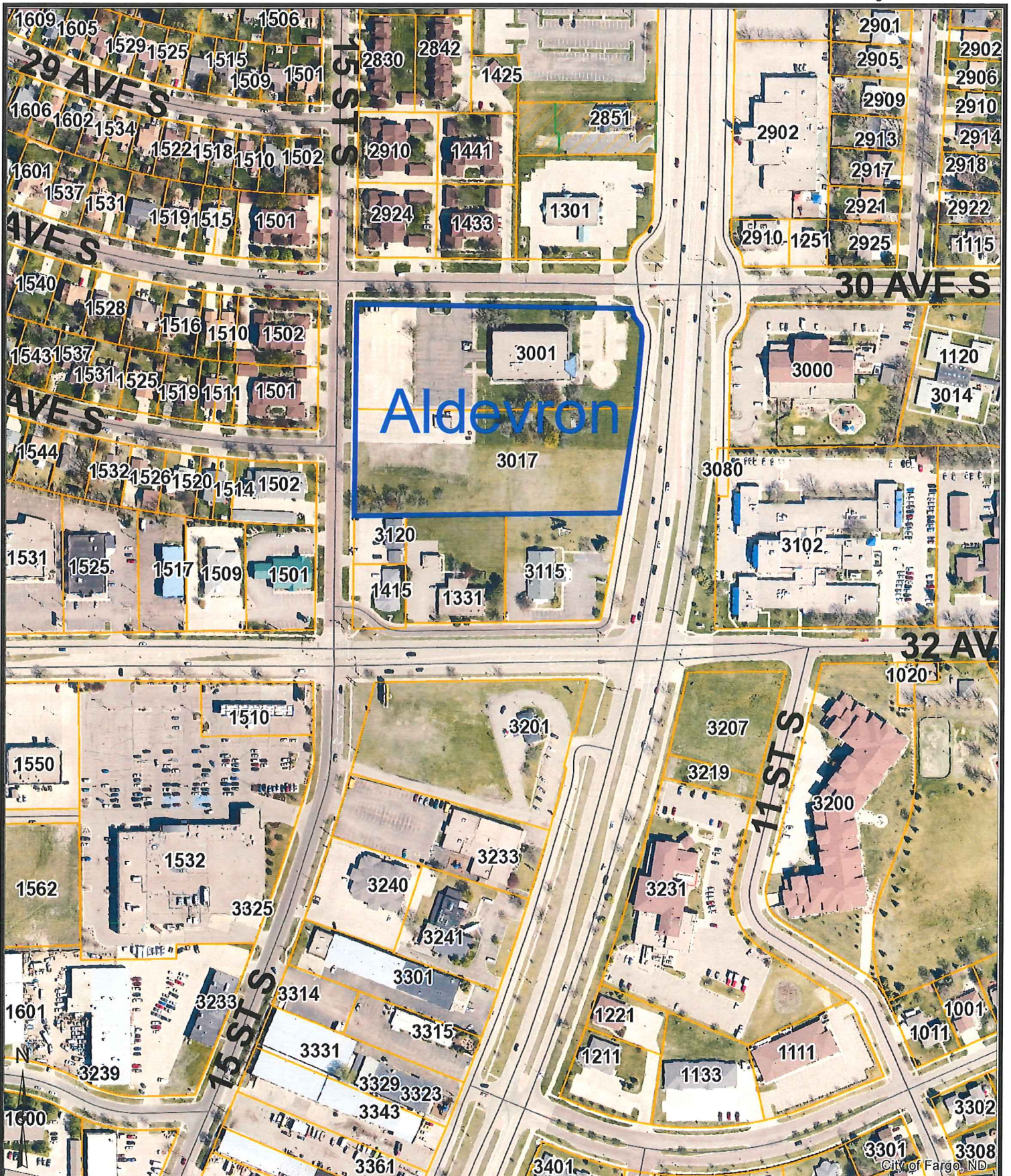
____ Percent of exemption

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

Auditor

Aldeveron - PILOT Schedule

Years 1-5	\$	-	Years 1-5	\$	-
Years 6-10	\$	39,922.00	Year 6	\$	46,817
			Year 7	\$	47,754
			Year 8	\$	48,709
			Year 9	\$	49,683
			Year 10	\$	50,676



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

Aldevron

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This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.



Exemption Evaluation Calculator 2020			105.2
Aldevron			Points
Project Type Code (Ctrl-C to view)			1 38.0
Current Number Of Employees			416
Hourly Salary Without Benefits	# Jobs		
Under \$13.00			
\$13.01-\$15.00	0		
\$15.01-\$20.00	4		
\$20.01-\$28.00	5	Pts. For # Jobs->	15.0
\$28.01-\$35.00	1	Pts. For \$ Jobs->	12.2
Over \$35.00	1		
TOTAL # OF JOBS CREATED	11		
% GI w/ Local Competition (not downtown)			0% 25.0
Value of Proposed Buildings			\$ 5,800,000 15.0
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			\$536,640
Estimated Annual Real Estate Tax			\$135,503
Estimated PV of Exemption			\$1,046,314
Payroll / PV of Exemption			0.5
Property Value / # of Jobs			\$ 527,273

Projection for 1 year term

Exemption Evaluation Calculator 2020			104.5
Aldevron			Points
Project Type Code (Ctrl-C to view)			1 38.0
Current Number Of Employees			416
Hourly Salary Without Benefits		# Jobs	
Under \$13.00			
\$13.01-\$15.00		0	
\$15.01-\$20.00		12	
\$20.01-\$28.00		15	Pts. For # Jobs-> 15.0
\$28.01-\$35.00		1	Pts. For \$ Jobs-> 11.5
Over \$35.00		1	
TOTAL # OF JOBS CREATED		29	
% GI w/ Local Competition (not downtown)			0% 25.0
Value of Proposed Buildings			\$ 5,800,000 15.0
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			\$1,327,040
Estimated Annual Real Estate Tax			\$135,503
Estimated PV of Exemption			\$1,046,314
Payroll / PV of Exemption			1.3
Property Value / # of Jobs			\$ 200,000

Projection for 3 year term

