



City Administration
225 4th Street North
Fargo, ND 58102

MEMORANDUM

TO: Fargo City Commission

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: June 15, 2026

SUBJECT: Completion Documents for the River House redevelopment

The redevelopment of the River House site is complete and the developer has complied with the terms of the developer agreement. The project is located at 419 3rd Street North.

The new building has 115 apartments and a value of \$22.7 million. The City inspected the project and documented all of the costs eligible for Tax Increment Financing.

Attached for your approval is the Certificate of Completion, the Tax Increment Note and the Private Placement Memorandum.

Recommended Motion

Approve and authorize the Mayor to sign the Certificate of Completion, the Tax Increment Note for the River House project at 419 3rd Street North.

CERTIFICATE OF COMPLETION

WHEREAS, the City of Fargo, North Dakota, a municipal corporation, (the “City”) and GREAT PLAINS BLOCK 3 HOLDINGS, LLC, a North Dakota limited liability company (the “Developer”) have entered into a Developer Agreement dated as of the 1st day of June, 2022; and

WHEREAS, the Developer has to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the City to permit the execution and recording of this certification:

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Developer have been completed, and the above covenants and conditions in said Developer Agreement have been performed by the Developer therein, and that the Tax Increment Note, referred to in said Developer Agreement, may be issued to Developer by the City.

DATED: June 25, 2026

CITY OF FARGO,
a North Dakota municipal corporation

By: _____
Dr. Tim Mahoney, Mayor

Attest:

Angie Bear, Deputy City Auditor, on behalf of
the City Auditor

No. R-1

\$1,733,731.38

UNITED STATES OF AMERICA
STATE OF NORTH DAKOTA
CASS COUNTY
CITY OF FARGO

**\$1,733,731.38 TAX INCREMENT
REVENUE NOTE OF 2026**
(TAX INCREMENT DISTRICT 2021-01 PROJECT)

KNOW ALL PERSONS BY THESE PRESENTS that the City of Fargo, Cass County, North Dakota (the "City"), certifies that it is indebted and for value received promises to pay to GREAT PLAINS BLOCK 3 HOLDINGS, LLC, a North Dakota limited liability company (the "Developer"), or the registered assign, the principal sum of ONE MILLION SEVEN HUNDRED THIRTY-THREE THOUSAND SEVEN HUNDRED THIRTY ONE and 38/100ths Dollars (\$1,733,731.38), an amount issued in reimbursement of eligible costs paid by the Developer, unless due sooner by redemption or early payment, on the Maturity Date; but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided; and to pay interest on the unpaid principal amount of this Note at the rate of interest of **Four and 75/100ths Percent (4.75%)** per annum, compounded annually. Interest shall accrue from the date of this Note on the amount issued and shall be computed on the basis of a 360-day year consisting of 12 30-day months. This Note is the "Tax Increment Note" (the "Note") described and defined in that certain Developer Agreement, dated as of June 1, 2022 (as the same may be amended from time to time, the "Developer Agreement"), by and between the City and GREAT PLAINS BLOCK 3 HOLDINGS, LLC, a North Dakota limited liability company, as the initial Developer under the Developer Agreement. Each capitalized term which is used but not otherwise defined in this Note shall have the meaning given to that term in the Developer Agreement or in the resolution authorizing the issuance of this Note. Principal and interest are payable at such address as shall be designated in writing by GREAT PLAINS BLOCK 3 HOLDINGS, LLC, or other registered holder of this Note, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Payment Dates. Subject to the terms hereof, the principal of and interest on the Tax Increment Note shall in the aggregate be payable commencing on the later of (a) May 15th immediately following the date of issuance of the Tax Increment Note and (b) May 15th of the second calendar year following the final year in which a Renaissance Zone tax exemption, under Chapter 40-63 of the North Dakota Century Code, if any, is applicable to the Development Property and on May 15th of each year thereafter until the Maturity Date, said May 15th dates being referred to herein as a "Payment Date" or collectively as "Payment Dates".

Payment Amounts. On each Payment Date (or, if not a business day of the City, the first business day thereafter) the City shall pay by check or draft mailed to the person that was the Registered Owner of the Note at the close of the last business day of the City preceding such Payment Date an amount as follows: (a) the first payment on the Tax Increment Note, to become due and payable on the first Payment Date, shall be limited to all the Available Tax Increments received to said date by the City on the Project for the first Tax Year and (b) for all payments after said first payment on the Tax Increment Note, the amounts payable on the Tax Increment Note on each Payment Date shall be limited to the Available Tax Increments received by the City (and not previously paid to the Registered Owner and applied by City as an Annual Administrative Fee) for the first and any subsequent Tax Year. All payments made on the Tax Increment Note shall be applied first to pay accrued and unpaid interest on the Tax Increment Note and second toward payment of principal. To the extent that the Available Tax Increments are insufficient, through the Maturity Date, to pay all accrued and unpaid interest on and the principal of the Tax Increment Note, said unpaid amounts shall then cease to be any debt or obligation of the City or of the City whatsoever. In no event shall City be obligated to remit payment of principal in excess of the aggregate amount of the unpaid principal of the Note. The City shall have the option at any time to prepay in whole or in part the principal amount of this Note at par plus accrued interest.

Redemption. In addition to the amounts of principal required to be paid by the City as hereinabove set forth, the City shall have the right to prepay on any date the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in multiples of \$1,000, at par plus accrued interest. Notice of any such optional prepayment shall be given prior to the prepayment date by mailing to the registered owner of this Note a notice fixing such prepayment date and the amount of principal to be prepaid.

No Payment Upon Default. No payments will be made on this Note during such time as there is a Specified Event of Default under the Developer Agreement which has not been cured by the Developer.

Lack of Protective Covenants. The City of Fargo, North Dakota (the "City"), has not covenanted to endeavor in any fashion to cause Tax Increments to be sufficient to generate Available Tax Increments sufficient to pay this Note, nor have they covenanted to take actions under the Developer Agreement with such sufficiency as a goal.

Sufficiency of Revenues. The City makes no representation or covenant, express or implied, that the revenues described herein will be sufficient to pay, in whole or in part, the amounts which are or may otherwise become due and payable hereunder. Any amounts which have not become due and payable on this Note on or before the Maturity Date shall no longer be payable, as if this Note had ceased to be any debt or obligation of the City or of the City whatsoever.

Issuance; Purpose; Special Limited Obligation. This Note is in the aggregate principal amount of \$1,733,731.38 [\$1,447,266 plus \$286,465.38 in Capitalized Interest] (the "Note"), which Note has been issued pursuant to and in full conformity with the Constitution and

laws of the State of North Dakota including North Dakota Century Code Chapter 40-58, for the purpose of providing money to finance certain eligible costs within the City's Urban Renewal District 2021-01, specifically the costs identified in Section 3.3 of the Developer Agreement. The Notes are payable out of the Tax Increment Revenue Note of 2026 Fund of the City, to which have been pledged amounts representing Available Tax Increments to be received by the City from the City's 2021-01 Tax Increment District in the City. This Note is not any obligation of any kind whatsoever of any public body, except that this Note is a special and limited revenue obligation but not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications and limitations stated or referenced herein. Neither the full faith and credit nor the taxing powers of the City or of the City are pledged to or available for the payment of the principal of or interest on this Note, and no property or other asset of the City or of the City, save and except the above referenced Available Tax Increments, is or shall constitute a source of payment of the City's obligations hereunder.

Limitation on Transfer. This Note may only be transferred to a person who is (1) a successor of GREAT PLAINS BLOCK 3 HOLDINGS, LLC, by reorganization, merger or acquisition, (2) a member of GREAT PLAINS BLOCK 3 HOLDINGS, LLC, (3) a related person to such member or successor, (4) a "qualified institutional buyer" as defined in Rule 144A promulgated under the federal Securities Act of 1933, or (5) an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) promulgated under the federal Securities Act of 1933. The City shall not register any transfer of this Note unless (i) a registered owner's prospective transferee delivers a representation letter in form satisfactory to the City verifying that the transferee is a "qualified institutional buyer"; or (ii) such transferee is an "accredited investor" which has delivered a representation letter in form satisfactory to the City; or (iii) the prospective transferee demonstrates to the satisfaction of the City that it is the successor, partner or related person to GREAT PLAINS BLOCK 3 HOLDINGS, LLC, noted above.

Any registered owner desiring to effect a transfer shall, and does hereby, agree to indemnify the City against any liability, cost or expense (including attorneys' fees) that may result if the transfer is not so made.

Registration: Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the officer of the City performing the functions of the Treasurer, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration on the reverse side hereof. Thereafter this Note may be transferred to a bona fide purchaser who is a permitted transferee only by delivery with an assignment duly executed by the registered owner or his, her or its legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Treasurer of the City.

Developer Agreement. The terms and conditions of the Developer Agreement are incorporated herein by reference and made a part hereof. The Developer Agreement may be attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than GREAT PLAINS BLOCK 3 HOLDINGS, LLC. No payments will be made on this Note during such time as there is a Specified Event of Default under the Developer Agreement which has not been cured by the Developer.

Taxable Obligation. This Note is intended to bear interest that is included in the gross income of the owner.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of North Dakota to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Fargo, Cass County, North Dakota, by its Board of City Commissioners has caused this Note to be executed on its behalf by the signature of its Mayor and attested by the signature of the City Auditor, all as of June 25, 2026.

CITY OF FARGO, CASS COUNTY, NORTH
DAKOTA

By: _____
Dr. Tim Mahoney, its Mayor

ATTEST:

Angie Bear, Deputy City Auditor on behalf of
the City Auditor

(SEAL)

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF
REGISTRATION

REGISTERED OWNER

SIGNATURE OF
AUTHORITY'S TREASURER

GREAT PLAINS BLOCK 3
HOLDINGS, LLC

_____, 20____

Source: *Author's calculations* based on data from the 2000 Census of the United States.

**PRIVATE PLACEMENT
MEMORANDUM**

Relating to

CITY OF FARGO, NORTH DAKOTA

\$1,733,731.38 Tax Increment Revenue Note of 2026

(Great Plains Block 3 Holdings Redevelopment Project—Tax Increment District No. 2021-01)

Effective Date: June 25, 2026

This Private Placement Memorandum sets forth in brief form certain information relevant to the holders of the \$1,733,731.38 Tax Increment Revenue Note of 2026 (Great Plains Block 3 Holdings – Riverhouse Redevelopment Project) (the "Note") issued by the City of Fargo, North Dakota (the "City" or "Issuer").

GENERAL INFORMATION

Authorization. The Note is issued pursuant to a Developer Agreement dated as of June 1, 2022 (the "Development Agreement"), by and between the City and Great Plains Block 3 Holdings, LLC (the "Developer" herein). The Note is the "Tax Increment Revenue Note" as defined in the Developer Agreement.

Consideration for the Note. The consideration for the Note is the Developer's payment of certain expenditures that are eligible public redevelopment costs of the City's Tax Increment District No. 2021-01 (the "Tax Increment District"). The Note is not issued for cash, but rather is issued in reimbursement of those expenditures paid by the Developer.

PAYMENT SOURCE; TAX INCREMENTS

Payment Sources for the Note; Sufficiency. The Note is payable solely and only from Tax Increments of the Tax Increment District if and as received. The Note states,

" Sufficiency of Revenues. The City makes no representation or covenant, express or implied, that the revenues described herein will be sufficient to pay, in whole or in part, the amounts which are or may otherwise become due and payable hereunder. Any amounts which have not become due and payable on this Note on or before the Maturity Date shall no longer be payable, as if this Note had ceased to be any debt or obligation of the City or of the City whatsoever."

Available Tax Increments. "Available Tax Increments" are defined in the Developer Agreement as follows:

" Available Tax Increments" means the Developer Tax Increments minus the reasonable and not theretofore reimbursed actual expenses incurred by the City in establishing and maintaining the TIF District, in preparing and implementing this Agreement, and in general in administering the TIF District and this Agreement

and any supplements hereto and in participating in the actions or transactions contemplated thereby and hereby.

Subordinate Use of Tax Increments. Section 3.6 of the Development Agreement provides an order of priority for use of tax increments that causes the Note to be subordinate to actual administrative expenses. Section 3.6 reads as follows:

“Section 3.6. Use of Tax Increments.

The City receives the Tax Increments generated by the TIF District from the County. The City may use Tax Increments which are not Developer Tax Increments for any purpose permitted by law. Developer Tax Increments shall be used on any date of application for the following purposes in the following order of priority:

- (1) to make payments on the Tax Increment Note; and
- (2) after payment of the Tax Increment Note in full, to pay or reimburse redevelopment costs identified by the City and to pay other eligible expenses for other projects that may be approved for the TIF District, from time to time, by the governing body of the City.

No Payment Upon Default. No payments will be made on the Note during such time as there is an Event of Default under the Development Assistance Agreement which has not been cured by the Developer.

Lack of Protective Covenants. The City of Fargo, North Dakota (the “City”), has not covenanted to endeavor in any fashion to cause Tax Increments to be sufficient to generate Available Tax Increments sufficient to pay the Note, nor have they covenanted to take actions under the Developer Agreement with such sufficiency as a goal. There can be no assurance that taxes collected on such Assessor’s Minimum Market Value will be sufficient to pay the Note.

Projected Tax Increments for Note. Tax increments are expected to be sufficient to pay the Note and the interest thereon in full; however, tax increments at such a level may not be achieved.

Tax Increment Risks. Tax increments are taxes received on property in a tax increment district from the increased taxable value of the property over its base value at the time that the tax increment district was created, which base value is called "original net tax capacity". There are risk factors for persons relying on tax increments to be received over time, including the following:

- (a) Incomplete Completion of the Improvements. The Tax Increment Notes are issued to encourage the development of specific Improvements in the Tax Increment District, identified in the Developer Agreement. If the contemplated Improvements were completed at a lesser level of value than originally contemplated, they would generate fewer taxes and therefore fewer tax increments than originally contemplated.

- (b) Damage or Destruction. If the Improvements are damaged or destroyed after completion, their value would be reduced, and taxes and tax increments would be reduced. Repair, restoration or replacement of the Improvements may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Improvements, all of which would reduce taxes and tax increments.
- (c) Change in Use to Tax-Exempt. The Improvements could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.
- (d) Depreciation. The Improvements could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.
- (e) Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The North Dakota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.
- (f) Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities.
- (g) Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property.
- (h) Legislation. The North Dakota Legislature has the authority to modify laws affecting real property taxes, particularly as they relate to mill levies and the overall level of taxes.
- (i) Combinations of Factors. Factors that reduce taxes and tax increments can occur in combinations that reduce tax increments further than any one factor alone.

Factors noted above present risks for the receipt of tax increments; changes in the other direction could increase taxes and tax increments.

Pay-as-You-Go Format. The Tax Increment Notes are instruments which municipalities refer to as "pay as you go" notes. Issued in reimbursement of eligible costs paid by others, such notes involve no initial cash to or from the municipality. They are issued to developers of

property improvements, the same parties who are expected to own the real property and pay the taxes. As long as the same party both owns the property and holds the note, the tax increment risks noted above to some extent cancel out economically, making the changes somewhat a "wash". For instance, if the property owner does not pay its taxes, the same party as holder of the note does not receive tax increments (because, due to non-payment of taxes, there are none). If tax capacity rates fall, leading taxes and tax increments to fall, the note holder receives fewer tax increments in payment of the note but the same person as owner of the property has "saved" a similar amount in not paying taxes. If the ownership of the real property and the note cease to be in the same party, this offsetting of tax increment risks by attendant property tax benefits is broken. Upon the initial issuance of the Note, the holder is the Developer.

TAX TREATMENT OF NOTE

No Information About Tax Treatment of Note. The Issuer does not know, and makes no representation about, the tax treatment of, or tax consequences for the Developer of, (1) the Issuer's issuance of the Note in reimbursement of public costs of redevelopment paid by the Developer, or (2) the later retention or disposition of the Note or the retention or disposition of the property whose costs were reimbursed by the issuance of the Note.

NO LEGAL OPINION

The Developer is not being provided with any opinion of bond counsel with respect to the issuance of the Note. The City's bond counsel does not ordinarily issue an opinion with respect to taxable pay-as-you-go notes.

INTEREST TAXABLE

The Note bears interest that is intended to be included in gross income of the holder.

NOT QUALIFIED TAX EXEMPT OBLIGATIONS

The City has not designated the Note as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax exempt obligations. "Qualified tax exempt obligations" are treated as acquired by the financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance contained in prior law. The Note is taxable and does not qualify for such designation.

NOT COMPREHENSIVE

Not Comprehensive. This Private Placement Memorandum is not intended to be a complete or comprehensive description of the Note or a complete presentation of all matters relevant to owning or holding the Note. It is intended for use with the Developer or a sophisticated investor, each of whom are encouraged to engage in such diligence reviews of matters of fact and law and inquiries as to matters of fact and law as will provide sufficient information for a business decision about ownership of the Note. The Developer to whom the

Note is originally issued will provide the City with a certificate as to making its own determinations and not relying on the City or information provided by the City.

[Remainder of page blank – receipt and acknowledgement to follow]

RECEIPT AND ACKNOWLEDGEMENT
PRIVATE PLACEMENT MEMORANDUM

The undersigned does hereby acknowledge receipt of the Private Placement Memorandum with an effective date of June 25, 2026, pertaining to the delivery by the City to Developer of a Tax Increment Note with the same said effective date and that this Memorandum was delivered to the undersigned the 25th day of June, 2026.

DATED: June 25, 2026

GREAT PLAINS BLOCK 3 HOLDINGS,
LCC

By _____,
_____, its _____