



City of Grand Forks  
Staff Report

JDA –Meeting June 2, 2025  
City Council –Meeting June 2, 2025

**APPROVED & ACCEPTED**  
**by City Council**

06/02/2025

*Maureen Storstad*  
Maureen Storstad  
City Auditor

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**Agenda Item: Purchase property located at 575 and 595 South Washington Street**

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**Submitted by:** Dan Gaustad, City Attorney  
Todd Feland, City Administrator  
Gary Lorenz, Fire Chief  
Ryan Brooks, Director of Planning & Community Development

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**Staff Recommended Action:**

**JDA Action:** Motion by Sande, second by Berg to accept assignment of loan. Unanimous approval

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**BACKGROUND:**

At the March 3, 2025 City Council meeting a Real Estate Purchase Agreement for the purchase of parcels of land from Lander Real Estate, LLC being located at 575 and 595 South Washington Street, Grand Forks, ND was approved. As was known at the time the Real Estate Purchase Agreement was approved, there existed two easements, dated January 26, 2002, in favor of Newman Signs, Inc. and recorded against the property to be purchased

One easement is for one area being 34' x 25' or 850 sq. feet in size. The second easement is for two areas, one being 18' x 30' or 540 sq. feet in size and the other being 44' x 20' or 880 sq. feet in size.

Both easements permit Newman Signs, Inc. “to erect, construct, reconstruct, replace, remove, maintain and use advertising sign structures and advertisements for single and double-faced signs illuminated or unilluminated together with all sign location rights” on these three areas. Also, both easements are for a period of 50 years – or lasting until through 2051.

In exchange for these easements, Newman Signs, Inc. pays an annual fee, which started at \$2,400/year for the easement having one area and \$4,800/year for easement having two separate areas, or a total of \$7,200 annually. There is a 3% increase per year on these payments. As of 2025, the total payment for both easements had risen to \$14,210 and in 2026 it will be \$14,636. Per the Real Estate Purchase Agreement, the 2025 amount that had already been paid when the agreement was approved, was allowed to be retained by the seller Lander Real Estate, LLC.

Other than the areas and the amount payable, the terms and conditions of the two sign easements are the same.

Because these sign easements were known at the time the Real Estate Purchase Agreement

was being negotiated and approved, one of the conditions that must be satisfied before the City is obligated to close on this purchase (found at Section 4.1(b) of the Real Estate Purchase Agreement) is the terms and conditions of these sign easements are approved by the City Council. Also, it was specifically acknowledged and agreed on between the City and Lander Real Estate LLC that an amendment and modification of the sign easements may be required to obtain this approval by the City Council.

In reviewing the sign easements, it became apparent an amendment would be needed because of the following provision contained therein:

Grantor covenants and agrees that from the date hereof until the termination of this Agreement, no sign shall be placed on the premises of the Grantor herein described or within 600 feet of any side of any sign located on the premises described herein on any other property Grantor may have an interest in, and Grantor will not obstruct the view of Grantee's sign or permit Grantee's sign to be obstructed in any way or in any manner whatsoever by an obstruction on any other property in which the Grantor has an interest.

Keep in mind that upon a closing and transfer of title, the City would become the "Grantor," as described in these sign easements, and turn assume the burdens and limitations imposed on the Grantor under sign easements.

Under the above-noted provision of the sign easements, the City would be precluded from placing any sign on the three areas (the 850 sq. foot area, the 540 sq. foot area, or the 880 sq. foot area). Placing a sign on these three easement areas was not identified as an issue, other than for road safety signs as discussed below.

However, as also noted in this provision, the City would be precluded from having a sign within 600 feet of any sign placed within these three areas. This provision relates not only the remaining part of the property being purchased (the portion of the property being purchased that is outside the perimeter of the three easement areas), but also "on any *other property Grantor* (which would be the City) may have an interest in." Here, the City does have an interest in other property within 600 feet of these signs – namely the parcel where Fire Station #1 is located and also public/utility rights of way.

Accordingly, the following were identified as concerns with the terms of the sign easements, in their current form:

1. City Fire Station #1 is located adjacent to the property being purchased, and currently has a sign on the building (one used for community and safety messages). This sign is within the 600 feet of the signs on the property being purchased.
2. Traffic safety signs, like traffic directional signs, traffic control signs, street maintenance or construction signs would be precluded as they too would be within 600 feet of the Newman Signs, Inc. billboards/signs. Road construction signs are currently in place for the North Washington project but

do not violate these sign easements at this time because the City has not acquired the property yet, and is not subject to the burdens of these sign easements.

3. A monument sign on the property being purchased or a sign on the building on the property being purchased – including a sign that simply identifies the building as City owned – would not be permitted since it is within 600 feet.

Because of these issues, an amendment to the sign easements was proposed to Newman Signs, Inc. The proposed amendment was to allow the following, which would not then be subject to or be a violation of the sign easements:

- A monument sign on the remaining part of property being purchased (but not on the three easement areas) that does not obstruct the Newman Signs, Inc. billboards/signs would be permitted.
- A static sign on the building located on the property to be purchased would be permitted.
- Traffic safety signage (traffic directional signs, traffic control signs, street maintenance or construction signs) would not be subject to the sign easements and in turn placement of these traffic safety signs would not be a violation of the terms of easement document.
- Remove other adjacent City owned property from being subject to the terms of the sign easements – this would primarily apply to the parcel where Fire Station #1 is located and in turn the sign on the building would not be a violation of the sign easements.

This amendment was submitted to and discussions with representatives on the amendment occurred numerous times.

In the end, the attorney for Newman Signs, Inc. stated that what the City was “proposing would violate the easements and is not agreeable to Newman.”

After receiving this message from Newman Signs, Inc.’s attorney, another proposal was made to Newman Signs, Inc. (and was made subject to and only upon City Council approval) to restart the annual easement payments at an amount equal to 50% of the current amount – for 2026, to go from \$14,636 to \$7,318 – but retain the 3% annual increase. In exchange Newman Signs, Inc. would agree to the noted sign easement amendment. This proposal was rejected.

Because of the position of the Newman Signs, Inc., in fact declaring it would consider even road safety signage to be a violation of the sign easements, there exists litigation risk for the City to purchase the property absent amendment to the sign easements. Of course the outcome of such litigation, if brought by Newman Signs, Inc., could not be known. However, given the position now staked by Newman Signs, Inc. and its legal counsel, it is reasonable to conclude litigation would be pursued, even for a traffic safety sign.

An alternative that is being proposed with this staff report is for the JDA to be the purchasing party, rather than the City. This would require an assignment for the Real Estate Purchase Agreement from the City to the JDA.

This is being proposed because the JDA does not own other property within 600 feet of the existing Newman Signs, Inc billboards/signs. Rather, as noted, the adjacent parcel where Fire Station #1 is located is owned by the City. This JDA purchase would be intended to assist in addressing the burden under the sign easements as to signs on other property – namely the sign on Fire Station #1 since the JDA does not own that parcel. Further, a purchase by the JDA was also thought to assist in addressing this same burden as to traffic safety signs since again the placement of such signs would not be by the JDA but the City and presumably with right of way owned by the City (not the JDA).

This proposal of the JDA purchasing the property would not alleviate the issue of a monument sign on this parcel or a sign on the building located on the parcel being in violation of the sign easements (and unacceptable to Newman Signs, Inc.)

An issue that exists with this proposal is whether the JDA is a separate entity from the City. If not, then the rationale for the JDA purchase would not be accomplished because if the JDA and the City are not separate entities, but deemed to be the same, then the issue of property owned within 600 feet and signs located thereon would still exist. I raise this because there is a North Dakota Attorney General’s opinion from 2006, although not directly addressing this issue, which stated the following:

In other opinions issued by this office for other purposes, JDAs have been variously likened to political subdivisions and described as agencies of political subdivisions or alter egos of political subdivisions.

Thus, throughout the years, JDAs have alternatively fit under certain definitions of political subdivisions, have been likened to political subdivisions, or have been described as agencies or alter egos of political subdivisions.

This discussion from the North Dakota Attorney General does suggest the JDA is a separate political subdivision from the City. Yet, this same opinion also raises the specter of the JDA being the alter ego of the City, and in turn not necessarily a separate entity from the City.

It is recognized the JDA purchase does include risk with respect to it being separate entity from the City, but this is the remaining alternative that is intended to preserve the purchase and attempt to ameliorate the issues of the City being the purchasing party given the position of Newman Signs, Inc., as is discussed above.

The final alternative is for the City to direct the condition relative to the sign easements has not been satisfied, and to direct the Real Estate Purchase Agreement be terminated pursuant to Section 4.1 of this agreement.

#### **SUPPORT MATERIALS:**

1. Real Estate Purchase Agreement
2. Sign Easement for the 34’ x 25’ or 850 sq. feet in size area (the provision discussed in this report is highlighted in yellow)

3. Sign Easement for the 18' x 30' or 540 sq. feet area and the 44' x 20' or 880 sq. feet area (the provision discussed in this report is highlighted in yellow)
4. Billboard Income Per Year Current Contracts – showing total annual payment required for the sign easements
5. Proposed Amendment to Sign Easement
6. E-mail communications with Newman Signs, Inc. representatives and its attorney
7. North Dakota Attorney General Letter Opinion 2006-L-09