

Lundmark, Sherie

From: Andrew Krauseneck <andrew.krauseneck@gmail.com>
Sent: Monday, November 3, 2025 2:05 PM
To: Bochenski, Brandon; Osowski, Rebecca; Berg, Tricia; Weigel, Daniel; Sande, Dana; Lunski, Tricia; Fridolfs, Mike; Vein, Ken
Cc: Feland, Todd; Lundmark, Sherie
Subject: Brookstone PILOT, Others - Nov 3

Council and Mayor,

Hi, all. This is Andrew Krauseneck. Whether you'd like to engage in discussion with me, or not, can you just reply, at a minimum, so I know all council members saw and read this, thanks! I'm sending this note in reference to the Brookstone PILOT on your agenda this evening, Nov 3, but also in relation to the ongoing PILOT discussions (Beacon, Ray Richards, and more). I made sure to carve out time to be at all associated meetings regarding the last project, The Reserve by Northridge, as Mr. Feland made it clear it was a litmus test, or test case, for all of the other potential PILOTs upcoming. It appears as though it was truly not a litmus test. The School Board and County Commission were not interested in partaking in these massive tax exemptions, and your body chose to then provide a 5yr PILOT, without requiring their consent. Now, you're looking to approve a 20 year 90% exemption for this Brookstone project, and I assume you are expecting, or hoping for different results. I'm also assuming some, or many of you, are viewing this project differently, and/or trying to sell it as being different, with it being an income based project. I think that's great, if a developer, if our community, can bring back as many federal and state tax dollars as possible to Grand Forks, without providing for unfair, tax-enabled competition with already existing businesses. This is what Dakota Commercial and Mak are trying to do, they're looking to gain those federal tax credits and state housing funds, which are available for projects like this, for income based projects. I do not agree with giving them, or other apartment developers, a PILOT, in addition to those other funding mechanisms, a PILOT on the backs of all of us local taxpayers. Some of us will fundamentally disagree on the government's involvement in housing and/or economic development efforts, which is totally fine - those fundamental differences in opinion can be voiced by us voters at election time. But, I have a real issue with the lack of transparency, and/or integrity in the narrative pushed by some regarding PILOTs - or, it may just be a level of ignorance as to how these work, and how it's then being explained to our community. Below are a few of those concerns, and examples, and I'd love for any of you to address these, not just for me, but for the community. And, with all of this - if we fundamentally do disagree on PILOTs, if you believe you need to vote in favor of them for either specifically income based housing, or housing in general, I truly hope you are able to support me and my business specifically when Ray Richards and The Domain, and possibly others, come forward with clear plans to compete with my existing business, directly, with the extensive offering of golf simulators (in a tax-incentivized scenario, not in a free market competition scenario). Thank you!

1. I've heard at least one of you say that you're simply "deferring" property tax payments, via these PILOTs. That is not true. You are exempting property tax during the PILOT period - for instance, the recent Northridge, The Reserve, project will not be paying any property taxes on the improved value of the property for the first 5 years - this equates to approximately \$500,000 per year they would otherwise be paying during that 5 year period - at year 6 they simply start paying the current rate, they're not going to repay that \$2.5million they didn't pay (that would be a deferral).

2. Multiple keep saying these PILOTs come at no cost to the city, no cost to taxpayers, none - this also is not true. Or, it is true, and you're telling all of us taxpayers that we are being grossly overcharged through our current property taxes. The approximate \$500,000 that Brookstone would normally owe in property taxes per year, if they do not receive a PILOT, is what we're being told their property will cost the city, county, school district, and park district to operate, with that additional development/value - it's the same with our homes, if we have a \$300,000 home, our property tax is about \$4700 annually - you (the city), the county, the school district and the park district are telling us, all of the taxing entities are telling us that it costs about \$4700 to support our uses and the community's uses associated with our home - again, if that is not true, why are we being charged so much? If you're saying that Brookstone won't cost the taxing entities approximately \$500,000 annually to support its impact on the taxing entities, then why are they and all of the other commercial property owners and homeowners paying the level of taxes we are paying? If it is the appropriate level of taxes, then absolutely the rest of us taxpayers are going to have to end up covering the gap in tax "revenue" foregone with the Northridge (Reserve) project, so about \$2.5million - and if you provide Brookstone with 20yrs 90%, then quick math would show us the taxpayers are going to have to cover that approximate \$9million deficit. That is either true....or you are saying that we are all being overcharged for property taxes, they're not needed at current effective rates for commercial and/or residential. Let me know if I, or the many other concerned citizens are missing something here.
3. Related to the last point - some of you have pointed to the fact that after the PILOT concludes, the city, and all taxing entities, will be in a great spot, collecting huge annual property tax contributions - it's a win for the future, for the next generation. Again, if what I stated above is true, then these statements about the future gains are completely unfounded. The properties will simply finally start paying their share, and then maybe the rest of the taxpayers will be able to see a reduction in their taxes, if they're not forced to subsidize further property tax exemptions or PILOTs.

If you got this far in reading my note, I really appreciate it, whether you agree with me on some, all or none of this. I've said it from the start, when I tried engaging with you all, and other elected officials, I just want to have open, transparent and respectful discussions. You all have my email, and you have my phone number, I'm open to chatting with any of you. I appreciate your time and your service. I really hope some of these points above can be discussed this evening. If not, I'm sure we'll have opportunities moving forward to address them all. Thank you very much.

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Andrew Krauseneck

Founder/President - Owner/Operator

Albatross Inc. - Albatross Indoor Golf Club

