



City of Grand Forks  
Staff Report  
City Council – May 4, 2026

**APPROVED & ACCEPTED**  
by City Council

05/04/2026

*Maureen Storstad*  
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City Auditor

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**Agenda Item:** Franklin on 4<sup>th</sup> PILOT

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**Submitted by:** Dan Gaustad, City Attorney  
Todd Feland, City Administrator

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**Staff Recommended Action:** Approve adding as a Developer under the PILOT Development Agreement Franklin on 4<sup>th</sup> LLC.

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**Committee Recommended Action:** N/A

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**May 4, 2026 – Council Action:** Motion by Weigel, second by Sande to approve agenda item.  
Motion passed unanimously.

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**BACKGROUND:**

On December 6, 2021, the City Council approved a PILOT Development Agreement (the “Development Agreement”) for the Franklin on 4<sup>th</sup> development located within the 200 Block of North 4<sup>th</sup> Street and legally described Lots 2, 4, 6, 8, 10 and 12 of Block 15, Original Townsite of the City of Grand Forks (the “Development Property”).

The “Developer” under the Development Agreement was Northridge Accommodations, LLC and Northridge Assets, LLC, the two entities then having title to these parcels.<sup>1</sup> However, it was anticipated by the developer that these entities would not develop, own the development or be the project operator for the development, but instead the development, ownership of the development and project operator would be by an entity that was to be created – being Franklin on 4<sup>th</sup> LLC. Shortly after the Development Agreement was signed, Franklin on 4<sup>th</sup> LLC was formed (on December 28, 2021) and the Development Property was then transferred to this entity (by warranty deed dated April 13, 2022 and recorded April 18, 2022). This formation and transfer was consistent with Section 2.1.6(a) of the Development Agreement that required a replat into a single lot and in turn a single purpose entity, being Franklin on 4<sup>th</sup> LLC, owning such parcels, and to which the two original deed holders (Northridge Accommodations, LLC and Northridge Assets, LLC ) contributed and became equity owners in.

The formation of Franklin on 4<sup>th</sup> LLC and the transfer of the Development Property all occurred prior to commencement of the development, other than possibly some de minimis work necessary to ready the Development Property for development.

Franklin on 4<sup>th</sup> LLC conducted or caused to be conducted (through contractors) the development of the Development Property from commencement to completion, and has retained

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<sup>1</sup> The part of the developed property, described as the front 115 feet of Lots 10 and 12 of Block 15, was owned by the JDA but was to be conveyed by the JDA per an exchange agreement for another parcel then owned by Northridge Assets, LLC.

ownership and has operated the Development Property. In connection with such ownership and development by Franklin on 4<sup>th</sup> LLC, during development the City entered into agreements relative to the development of the Development Property noting Franklin on 4<sup>th</sup> LLC as the owner and developer of the Development Property – being a PACE interest buydown agreement, an agreement for the removal of contaminated soils. The City also negotiated, but did not enter into a lease agreement for space within the Development Property and the lease listed Franklin on 4<sup>th</sup> LLC as the landlord. Building permits and certificate of occupancy from the City were also issued to Franklin on 4<sup>th</sup> LLC.

The Developers have provided information as to ownership interests of Franklin on 4<sup>th</sup> LLC, and the owners of this entity includes both Northridge Accommodations, LLC and Northridge Assets, LLC (the parties on the Development) which collectively have over 30% of the ownership interests of Franklin on 4<sup>th</sup> LLC. The other owners of Franklin on 4<sup>th</sup> LLC are the same individuals that own Northridge Accommodations, LLC and Northridge Assets, LLC (with one additional party having a 5% interest). Per the Developer, this 5% owner was always part of the original planned development and operating team, but due to the Developer's tax free exchanges in the Northridge Accommodations lot and Northridge Assets Exchange Agreement with the JDA lot, this individual could not become an equity owner after Franklin on 4<sup>th</sup> LLC was created and obtained titled. Thus, other than the 5% interest holder, the individuals owning Northridge Accommodations, LLC and Northridge Assets, LLC have nearly the same ownership interest in Franklin on 4<sup>th</sup> LLC (directly and indirectly through Northridge Accommodations, LLC and Northridge Assets, LLC).

Under the Development Agreement and N.D.C.C. § 40-57.1-03(6), a payment in lieu of taxes may be revoked with a change in ownership of the Development Property. Further, under N.D.C.C. § 40-57.1-06, a change in the use of the Development Property or a new project operator takes possession of the property, a new application for the remainder of the payment in lieu of tax period is to be made.

Given the unique circumstances here, where it was anticipated the ownership, development and the project operator for the Development, was with Franklin on 4<sup>th</sup> LLC, rather than directly by the entities named as the Developer on the Development Agreement, and that both Northridge Accommodations, LLC and Northridge Assets, LLC have collectively over 30% interest in Franklin on 4<sup>th</sup> LLC, in the City Attorney's opinion application of these provisions should not be applied, but rather Franklin on 4<sup>th</sup> LLC should be added as a Developer, along with Northridge Accommodations, LLC and Northridge Assets, LLC, to the Development Agreement.

The revocation N.D.C.C. § 40-57.1-03(6) is not mandatory but rather provides the City Council may revoke the agreement. Further, the Development Agreement has mandatory language relative to an ownership change, but this agreement also allows for waiving provisions at the discretion of the City Council. Finally, it is acknowledged the Development Agreement does not list Franklin on 4<sup>th</sup> as the "Developer" but the use of the Development Property has remained unchanged. Also, from the commencement of development Franklin on 4<sup>th</sup> LLC, which is owned in part by Northridge Accommodations, LLC and Northridge Assets, LLC, was the project operator.

Given these unique circumstances, it appears not including Franklin on 4<sup>th</sup> LLC as a Developer on the Development Agreement was, at best, an oversight that justifies correction by now including Franklin on 4<sup>th</sup> LLC on the Development Agreement.

**ANALYSIS AND FINDINGS OF FACT:**

Based on the background information noted above, the City administration and City Attorney find adding Franklin on 4<sup>th</sup> LLC as a Developer (along with Northridge Accommodations, LLC and Northridge Assets, LLC) to the Development Agreement is justified and warranted under the circumstances.

**SUPPORT MATERIALS:**

- Payment in Lieu of Property Tax Development Agreement.
- Warranty Deed to Franklin on 4<sup>th</sup> LLC of Development Property.