



City of Grand Forks
Staff Report

APPROVED & ACCEPTED
by City Council

08/18/2025

Maureen Storstad
Maureen Storstad
City Auditor

Committee of the Whole – August 11, 2025
City Council – August 18, 2025

Agenda Item: Agristo Development Agreement

Submitted by: Todd Feland, City Administrator
Dan Gaustad, City Attorney
Lisa Botnen, Environmental Director
Maureen Storstad, Finance Director

Staff Recommended Action – Approve the Development Agreement and Associated Exhibits, subject to review and approval of the City Attorney.

August 11, 2025 - Committee Recommended Action: Motion by Weigel, second by Osowski to move to City Council with a recommendation to approve.
Motion carried unanimously.

August 18, 2025 – Council Action: Motion by Osowski, second by Fridolfs to approve .
Motion carried unanimously.

BACKGROUND:

Agristo, a family-owned potato processing company from Belgium, has informed the City of Grand Forks they intend to build their first North American facility in Grand Forks, North Dakota. For the last three years, Agristo has been working with local potato growers on trial plots with European potato varieties. Agristo has been in site discussions with locations in the Midwest. With this decision, their exploration in other states will be paused to focus on negotiations in North Dakota and Grand Forks. The final decision is contingent on certain conditions related to infrastructure, incentives, and finalizing competitive BNSF transportation rates.

The United States, North Dakota, and Grand Forks Agristo project was and is a collaborative public/private partnership to include and not limited to the following: Agristo, Northland Potato Growers Association, Federal, North Dakota, and Local governments, and Grand Forks Region Economic Development Corporation.

Agristo is amid global expansion and sustainable growth in Europe, India, and in the United States (U.S.). Agristo has already established a strong presence in the U.S. market and the U.S. potato processing facility is intended to meet the U.S. market’s sustainable and long-term growth. Grand Forks, North Dakota has been selected as the location for Agristo’s U.S. production site due to the following key factors:

- Home to a strong agricultural community with deep expertise in potato farming, offering valuable collaboration opportunities with local stakeholders.
- Vast agricultural land and favorable growing conditions proved ideal during extensive tests of potato varieties. These trials demonstrated exceptional potential for optimal crop yield and quality.
- Expansive land and development-friendly policies in the region provide ample room for future growth and alignment with market growth demand.
- Shared values, sustainable production sites, meaningful collaborations with stakeholders, and creating long lasting benefits for the community.

The Grand Forks site represents an initial investment of at least \$450 million in the first phase of development. In addition, there is an associated and collaborative investment of approximately \$150 million for on-farm or off-site grower storage. If possible, initial site construction is set for the spring 2026 with plans to commence operations in the summer/fall 2028. The investment is expected to create 300-350 direct jobs and stimulate indirect investments in agriculture and supply chains, significantly boosting local and regional economies.

ANALYSIS AND FINDINGS OF FACT:

Previous Agristo Project Reviews and Approvals

- On January 21, 2025, the City Council approved a Preliminary Memorandum of Understanding setting out a preliminary and working framework to begin and pursue good faith negotiations to arrive at and execute a mutually agreeable development agreement. It was anticipated that from these good faith negotiations, the succeeding development agreement would contain terms and conditions relating to the construction and operation of the Agristo Grand Forks expansion, any public utility or service infrastructure that may be needed to accommodate the Agristo Grand Forks expansion, and incentives Agristo seeks or may seek for this proposed expansion.

To be competitive with alternative and potential Agristo production locations in the United States, the City of Grand Forks administration presented to Agristo the following incentives for this expansion (subject, however, to the parties reaching a development agreement and subject to required governmental authority approvals):

- **Forgivable Infrastructure Loan: \$30 million** The North Dakota Legislative Assembly in the 2025 legislative session developed and approved a \$30,000,000.00 (U.S. Dollars) forgivable line of credit program under the North Dakota Department of Agriculture and with an emergency clause. The funding will be utilized to assist Agristo's development of infrastructure needs such as property acquisition, water lines, wastewater lines, electricity, gas, roads, and rail. As proposed, fifty percent (50%) of the \$30,000,000.00 (U.S. Dollars) forgivable line of credit will be forgiven upon issuance of a certificate of occupancy of the Agristo Plant, and the remaining amount will be forgiven upon the Agristo Plant achieving fifty percent (50%) production capacity.
- **20-Year, 90% Property Tax Incentive** The City will consider, and seek approval from Grand Forks County and the applicable public school district, an application from the Developer for a 20-year, 90% real property tax incentive. This 20-year property tax incentive is expected to be in the form of a Payment In Lieu of Property Tax (PILOT) that will result in a reduction of property tax payment of 90% on property taxes that would otherwise be due without this incentive (but excluding the land which will remain subject to the full amount of property tax).
- **Sales and Use Tax Exemption - Construction Materials: \$9.8 million (est.)** Pursuant to North Dakota law (N.D.C.C. §§ 57-39.2-04.4 and 57-40.2-04(15)), the State of North Dakota exempts from sales and use tax any construction materials used to construct the agricultural commodity processing facility in North Dakota. It is anticipated the Developer would be eligible for this tax incentive.
- **Sales and Use Tax Exemption - Manufacturing/Processing Equipment: 8.1 million (est.)** Pursuant to North Dakota law (N.D.C.C. §§ 57-39.2-04.3 and 57-40.2-04(15)), the State of North Dakota exempts any new and expanding plant from paying sales and use tax on machinery and equipment used for manufacturing. It is anticipated the Developer would be eligible for this tax incentive.
- **Corporate Income Tax Exemption: Value to be determined** Pursuant to North Dakota law (N.D.C.C. ch. 40-57.1), the State of North Dakota may exempt from state corporate income tax all income generated from the production facility for a period of 60 months from commencement of operations. It is anticipated the Developer would be eligible for this tax incentive.
- **North Dakota AdvanceND Loan: \$2.24 million** The North Dakota Development Fund

awards “deal closing” low interest loans to companies considering a new industrial project in North Dakota when competing with other states. It is anticipated the Developer will be eligible for up to \$20 Million (U.S.) Dollars at 2% interest rate to utilize for working capital, equipment, permitting, and engineering cost.

- **Interest Subsidy Grants: \$1.5 million** The Bank of North Dakota’s Participating in Assisting Community Expansion (PACE) and Agriculture Diversification and Development (ADD) programs provide a total grant up to \$1.5 Million (U.S.) Dollars to reduce interest on a loan used to acquire land, purchase equipment or for working capital. It is anticipated the Developer would be eligible for this PACE and ADD program incentives.
- **Equipment Grant: \$0.5 million** The North Dakota Department of Agriculture provides a total grant of \$500,000 (U.S.) Dollars for the acquisition of processing equipment for new or expanding value added agricultural businesses that demonstrate financial feasibility, enhance profitability for farmers, create jobs and grow North Dakota’s economy. It is anticipated the Developer would be eligible for this grant.
- **Engineering Grant: \$0.25 million** The North Dakota Department of Agriculture provides a total grant of \$250,000 (U.S.) Dollars to support engineering and design activity for creating new wealth and employment opportunities the development and expanded use of North Dakota’s agricultural products. It is anticipated the Developer would be eligible for this grant.
- On Wednesday, June 4, 2025, City representatives discussed and received a project update from Agristo Legal & External Affairs Director International Ward Claerbout. The summary project update is as follows:
 - Agristo has reached a general agreement on terms with Fufeng Group USA on the purchase of the Fufeng Group USA site in Grand Forks. Agristo anticipates signing a letter of intent on the real estate purchase soon. A real estate closing is estimated to occur in September 2025. Site construction is planned for the spring of 2026 with completion in the summer/fall of 2028.
 - Agristo continues to work on the processing facility engineering/environmental design and permitting and general contractor selection process.
 - Agristo continues to work on potato agronomy with local and regional potato growers.
 - Since the June 4 meeting, Agristo has filed to the Committee on Foreign Investment in the United States (CFIUS) filing as it relates to its U.S. investment.
 - Agristo met with Federal and State of North Dakota representatives while in Washington, DC.
- The week of June 16, 2025, Mr. Claerbout and Agristo Project Leader U.S. Ruben Devos were in Grand Forks to continue work with City representatives on the development agreement and engineering/environmental design and permitting. Agristo representatives attended the City Council meeting on June 16, 2025 to provide an Agristo project update.
- The City administration, at the June, 2025 time frame, was anticipating having a final development agreement for review, consideration, and approval with the City Council in the July/August 2025. Agristo is working with the North Dakota Department of Agriculture regarding the forgivable line of credit infrastructure program and expects program application to become available in July/August 2025.
- On July 8, 2025, City staff met with Agristo’s selected construction management and engineering teams to review preliminary site, construction and operating requirements.
- On July 21, 2025, the City Council approved the Agristo PILOT. The PILOT tax incentive of 20 years, 90% is one of the key economic development incentives the City is leading. The Fufeng Group USA land site’s estimated value is \$11 million as an approximate 350 acre, industrial and infrastructure ready site. Of the estimated \$450 million Agristo potato processing facility investment, the estimated real estate property tax value is approximately \$186 million. The estimated PILOT for the year 2029 is \$476,481.00, based on the land value being fully subject to property taxation and the payment in lieu on the buildings and structures (subject to property tax) being based on applying the existing mill rate based on a reduced property value of 10%. . This payment in lieu calculation will continue under the 20 year term of the payment in lieu agreement

– meaning the applicable mill rate for each year will be applied using the reduced annually determined valuation of the buildings and structures subject to property tax and the land will continue to be fully subject to property tax. Even with the property tax incentive through a payment in lieu, this will make Agristo one of the highest industrial property taxpayers in Grand Forks. The estimated additional property tax value in 2049 with 100% real estate taxable value is \$3,744,803.00.

Agristo Development Agreement

- The City of Grand Forks and Agristo wish to enter into the Development Agreement for the purpose of creating the framework and understanding for the Agristo development, construction and operational plans for the Agristo facility, the allocation of costs and expenses for the investment in City infrastructure, the anticipated cost of service for public utilities, and the type and amount of tax incentives the City may provide.
- The Development Agreement provides flexibility to the City and accountability to the Agristo project developers, financial security to the City to include the Letter of Credit and Escrow Account (as needed), and Agristo project compliance and due diligence. The Development Agreement is not a permit for Agristo Project construction.
- Please note we are still in discussion with Agristo on certain terms and the attached Agristo Development Agreement is in a working draft format, and shows the latest redlined changes proposed by the City after exchanges of the agreement between the City and Agristo. Also, note, there are redlined changes on three exhibits (Ex. 1.48 – the PILOT, which do not change the substantive terms of the PILOT Agreement previously approved, Ex. 7.1.2 and Ex. 7.1.3 relating to escrow accounts that may be created that would replace the letter of credit but be in the same amount as the letter of credit)
- The following are the various Agristo Development Agreement sections and exhibits.
 - Section 1 – Definitions.
 - Section 2 – Development/Construction of GF Plant and City Infrastructure.
 - Section 3 – Master Development Plans and Other Development Agreements.
 - Good Faith Negotiations of Parties.
 - Requirements and Minimum Terms and Conditions of GF Plant Development Plans and Construction of the GF Plant.
 - Section 4 – Financing of Cost Allocation of City Infrastructure (several have already been imposed with infrastructure installed and special assessments having been approved and made for the installed infrastructure).
 - Minimum Finance and Cost Allocation Terms.
 - 27th Avenue North Infrastructure.
 - Potable Water Infrastructure.
 - Stormwater Infrastructure.
 - Cost Share.
 - Estimated Special Assessment Assigned to Developer.
 - Additional City Infrastructure.
 - Section 5 – Utility Rates and Fees.
 - Utility Service Contract.
 - Wastewater Pre-Treatment.
 - Solid Waste Plan.
 - Section 6 – Tax and Other Incentives.
 - PILOT.
 - State Infrastructure Fund.
 - Sales and Use Tax Exemption – Construction Materials.
 - Sales and Use Tax Exemption – Manufacturing/Processing Equipment.
 - Corporate Income Tax Exemption.
 - North Dakota AdvanceND Loan.
 - Interest Subsidy Grants.
 - Equipment Grant.
 - Engineering Grant.

- Section 7 – Development Letter of Credit/Pre-Construction Fees and Costs.
 - Escrow of Letter of Credit Funds or Deposit of Funds In Lieu of Replacement Letter of Credit of \$250,000.00. The funding requirement is substantially lower than the Fufeng USA amount of \$5 million because of the significant amount of planning and infrastructure (e.g. water, wastewater, and stormwater) work that has been completed in and around the Agristo plant site over the last few years. The \$250,000.00 relates to pre-construction consulting costs for the City to include wastewater review, building inspection compliance review, real property taxation review, airport study, odor study, public safety study, and miscellaneous legal, engineering, and other costs. Also, note pre-special assessments costs are deleted because it does not apply in this instance. This provision was included in the Fufeng USA agreement because some costs relative to infrastructure, that would be specially assessed, was anticipated being incurred before a special assessment district had been approved. There was, in the Fufeng USA situation, a concern that such costs would not be eligible to be included in the assessment amount given the costs were incurred before the special assessment district was created. Here, since infrastructure has been completed or in the process of being completed, an in turn special assessment districts have been created, the concern of incurring costs before a special assessment district does not exist with the Agristo development – put another way, costs for specially assessed projects are being captured for special assessments.
- Section 8 – Conditions to Construction and Financing of City Infrastructure. The following is a brief description a portion of the 20 plus conditions to be satisfied before City Infrastructure will be connected to the Agristo facility.
 - Finalized and Approved Agristo Plant Development Plans and City Infrastructure Plans.
 - Finalized and Approved Utility Service Contract. This is the agreement that will establish public services by the City and operational conditions and requirements for Agristo’s facility, i.e. wastewater, solid waste, odor, light, noise.
 - Governmental Requirements to include Air Permit, Stormwater Permits, Spill Control and Countermeasure Plan, Industrial Waste Permit, Planning and Zoning, Building Safety, Water Supply, USACE, and Defense Production Act of 1950.
 - All Governmental Requirements.
 - Letter of Credit.
 - Airport Study and Plan.
 - Traffic Study and Plan.
 - Odor Study and Plan.
 - Public Safety Study and Plan.
 - Committee on Foreign Investment in the United States (CFIUS) filing and determination, decision, conclusion, or other pronouncement from the CFIUS Committee or the President that Agristo’s construction, ownership, and operation is not prohibited.
 - Other General Governmental Requirements.
- Section 9 – Conditions to Construction of GF Plant
- Section 10 – Developer Representations/Indemnity/Release of Liability.
- Section 11 – Default by Developer/Remedies of City.
- Section 12 – Miscellaneous Provisions.
- Various Exhibits – these are used to provide more context and explanation to development, including the infrastructure already installed, being installed and planned, the estimated amount of special assessments (some of which are already being imposed).
 - Exhibit 1.4 – 27th Avenue North Paving Infrastructure.
 - Exhibit 1.5 – 27th Avenue North/32nd Street North/30th Avenue North Sanitary Sewer Infrastructure.
 - Exhibit 1.31 – Preliminary Site Layout.
 - Exhibit 1.32 – Plant Location.

- Exhibit 1.49 – Potable Water Infrastructure.
 - Exhibit 1.53 – Stormwater Infrastructure.
 - Exhibit 3.2.3 – Preliminary Information Request.
 - Exhibit 4.6 – GF Plant Special Assessments, Special Assessment Estimates, and City Service Utility Charges/Rates/Fees.
 - Exhibit 6.3.1 – Reengrossed House Bill NO. 1332.
 - Exhibit 1.48 – Working Draft PILOT Development Agreement.
 - Exhibit 7.1.2 – Working Draft Letter of Credit Escrow Agreement. This would replace the Letter of Credit where the City would draw on the Letter of Credit because of a non-renewal of the Letter of Credit, but no event that would precipitate a termination of the Development Agreement has occurred – in sum, the \$250,000 under the Letter of Credit would be converted to money and placed in a City account and this account would then replace and serve the same purpose as the letter of credit.
 - Exhibit 7.1.3 – Working Draft Replacement Letter of Credit Escrow Agreement. This would replace the Letter of Credit where Agristo would deposit \$250,000 into a City account because of a non-renewal of the Letter of Credit, but no event that would precipitate a termination of the Development Agreement has occurred – in sum, the \$250,000 placed in this City account would then replace and serve the same purpose as the Letter of Credit.
- A preliminary risk assessment screening consideration has been applied and integrated into the following actions to include the overall Development Agreement.
 - Infrastructure Cost Risk.
 - Development Agreement.
 - Property Assessments.
 - Escrow and Letter of Credit.
 - Utility Service Contracts.
 - Project Completion Risk.
 - Development Agreement.
 - Property Assessments.
 - Escrow and Letter of Credit.
 - Odor/Emissions Risk
 - ND Title V Air Permit Review and Approval.
 - Study and Plan.
 - Traffic Impacts Risk.
 - Traffic/Rail Impacts Study and Plan.
 - Utility Operation Impacts Risk.
 - Utility Service Contracts.
 - Water Supply Availability Risk.
 - Utility Service Contracts.
 - Redundant Water Supply/RRVWSP.
 - Water Quality Impacts Risk.
 - Utility Service Contracts.
 - ND Pollutant Discharge Elimination System (NDPDES) Permit Review and Approval.
 - Plant Design and Operating Risk.
 - Development Agreement.
 - Utility Service Contracts.
 - NDPDES Permit Review and Approval.
 - Public Safety Study and Plan.
 - Solid Waste Study and Plan
- Upon approval of the Development Agreement, the following are near term and critical path permitting items of the Agristo Project in which the City and/or Agristo will need to lead.

Local

- PILOT Public Hearing and Approval – July 21, 2025.

- Anticipating Platting, Zoning and Annexation – Approved As Part of the Proposed Fufeng Project and Will Determine Any Needed Modifications.
- Site Plan/Detailed Development Plan – Q4 2025 to Q1 2026.
- Construction Stormwater Permit – Q4 2025 to Q1 2026.
- Industrial Wastewater Pretreatment Permit Application– Q4 2025 to Q1 2026.
- Building and Fire Code Review and Permits – Q4 2025 to Q1 2026.
- Site Odor and Emissions Study – Q4 2025 to Q1 2026.
- Traffic Impact Analysis Study – Q4 2025 to Q1 2026.

State

- NDDEQ – Air Permit for Construction and Title V Operating Permits – Q4 2025 to Q1 2026.
- NDDEQ – NDPDES Wastewater Discharge Permit – Anticipated to be adequate at this time.
- NDDEQ – Industrial Stormwater Pollution Prevention Permit – Q2 2028 to Q4 2028.
- NDDWR – Water Supply Permit – Anticipated to be adequate at this time.
- NDIC – Natural Gas Supply – Anticipated to be adequate at this time.

Federal

- USACE Flood Protection System Stormwater Discharge Interface – TBD.
- Environmental Assessments for Offsite Utilities – TBD.
- USEPA Spill Prevention Control and Counter Measure Plan – TBD.
- The Agristo Project is a historic and game-changing economic development opportunity for Grand Forks and region. The Agristo Project is also a historically challenging opportunity to meet the Agristo Project challenges. The City has assembled a City administrative and consultant team to meet the Agristo Project historic and game changing challenges to include among other matters the following: (1) intergovernmental and developer integrated master planning and work planning; (2) planning, funding, and financing, designing, and construction of off-site infrastructure; (3) planning, zoning, and building inspection permit review and approval; (4) financial assurances; and (5) Risk assessments and mitigation.
- The City administrative team will provide an overview presentation at the City Council Committee of the Whole meeting.

SUPPORT MATERIALS:

- Agristo Development Agreement with Exhibits.
- Approved City Staff Report – Agristo Tax Incentive Application and Set Public Hearing, dated July 21, 2025.
- Approved City Staff Report – Agristo Working Draft Development Memorandum of Understanding, dated January 21, 2025.
- Agristo Presentation to the ND Legislature, dated February 19, 2025.
- Northland Potato Growers Association Project Overview.