

Council Agenda Item 25-0445R



MEETING DATE: May 27, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING A SUBRECIPIENT FUNDING AGREEMENT WITH SOFIDEL AMERICA CORP.

SUBMITTED BY: Tricia Hobbs – Manager, Economic Development and DEDA

RECOMMENDATION: Approve.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION:

PREVIOUS COUNCIL ACTION:

October 15, 2024 – City Council passed a resolution (24-0795R) authorizing staff to submit a Contamination Cleanup grant application to the Minnesota Department of Employment and Economic Development for the Duluth Paper Mill Expansion project.

November 25, 2024 – City Council authorized resolution 24-0905R, rescinding resolution 24-0795R so council could adopt the language included in the new resolution. The previous resolution did not include the necessary language required for the Contamination Cleanup grant application which was submitted on November 1, 2024. The minimal required updates were reflected in the new resolution language with changes redlined.

April 28, 2025- City Council authorized resolution 25-0340R accepting a grant from the Minnesota Department of Employment and Economic Development in the amount of \$2,399,086.

BACKGROUND: Sofidel America Corp. acquired the paper mill from ST Paper and is working on an expansion to add a converting facility and automatic warehouse to the Duluth Paper Mill site. This project will add 160 new jobs, bringing the plant up to similar employment levels as a former owner, Verso. The Duluth Paper Mill was originally founded in 1987 and closed in 2020. Sofidel will invest approximately \$180M in this expansion. On the April 28, 2025 meeting, Council approved the grant agreement between the City and the Minnesota Department of Employment and Economic Development, but Exhibit B, the subrecipient funding agreement between the City and Sofidel was missing as an attachment.

BUDGET/FISCAL IMPACT: Council will authorize a subrecipient funding agreement with Sofidel for the grant of up to \$2,399,086.



OPTIONS: Authorize the subrecipient funding agreement or forego authorization that would allow Sofidel significant financial support for environmental cleanup at the Duluth Paper Mill expansion site.

NECESSARY ACTION: Authorize the subrecipient funding agreement.

ATTACHMENTS: Subrecipient Funding Agreement between the City and Sofidel America Corp. for the Sofidel America Expansion Project.