

Council Agenda Item 25-0442R



MEETING DATE: May 27, 2025

SUBJECT/TITLE: A RESOLUTION APPROVING A REQUEST FOR A ONE-YEAR EXTENSION OF A MINNESOTA INVESTMENT FUND GRANT CONTRACT AGREEMENT WITH THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

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

RECOMMENDATION: Approve.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION:

PREVIOUS COUNCIL ACTION:

May 10, 2021 – City Council passed a resolution (21-0341R) authorizing staff to submit an application on behalf of ST Paper 1 LLC's project at the Duluth Paper Mill contained in the Minnesota Investment Fund Application in the amount of \$3,000,000 to be submitted on or about April 7, 2022, to the Minnesota Department of Employment and Economic Development (DEED).

April 25, 2022 – City Council passed a resolution (22-0311R) authorizing a Minnesota Investment Fund Grant Contract Agreement.

July 11, 2022 – City Council passed a resolution (22-0563R) authorizing a subgrant agreement for MIF funds with ST Paper LLC. The city had supported the private investment by ST Paper through two loans and tax abatement. A development agreement was also entered into between the City and ST Paper.

January 22, 2024- City Council passed a resolution (24-0053R) authorizing an amendment to the MIF agreement and associated promissory note held by ST Paper 1, LLC to support the sale of the paper mill located at 100 N. Central Avenue to Sofidel America, Corp. The change in ownership required substituting Sofidel for ST Paper's responsibilities in the agreements. The requirement to maintain those jobs is continuing for the life of the loans and development agreement

BACKGROUND: The purpose of this resolution is to formally seek approval for a one-year extension of the Minnesota Investment Fund ("MIF") grant contract agreement between the City of Duluth and the Minnesota Department of Employment and Economic Development ("DEED") related to the Duluth Paper Mill. The extension is necessary to allow for the continued implementation and completion of the economic development project originally funded through the MIF program and to achieve job creation goals. This extension aligns with the City's commitment to fostering sustainable economic development and maximizing the impact of state and



local investment. This MIF is related to ST Paper's purchase of equipment for tissue manufacturing and is a separate MIF from the one councilors saw last fall related to the new expansion/converting facility by Sofidel.

BUDGET/FISCAL IMPACT: Council will authorize the acceptance of the amendment to the grant contract agreement. No fiscal impact.

OPTIONS: Authorize the grant contract extension or forego authorization that would necessitate DEED to start their demand for repayment of funds.

NECESSARY ACTION: Authorize the resolution and amended grant agreement.

ATTACHMENTS: Amended grant agreement between DEED and the City of Duluth