

Council Agenda Item 26-0465R



MEETING DATE: May 26, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE SECOND AMENDMENT TO THE CITY LOAN AGREEMENT WITH SOFIDEL AMERICA, CORP.

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

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

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.
- May 27, 2025 – City Council passed a resolution (25-0442R) authorizing a one-year extension of the MIF agreement to allow DEED, Sofidel, and the City of Duluth time to adjust the job goal and wage brackets to align with Sofidel’s current wage brackets and positions.

BACKGROUND: The purpose of this resolution is to formally seek approval of a Second Amendment to the Minnesota Investment Fund (“MIF”) grant contract agreement between the City of Duluth and Sofidel. This amendment incorporates changes to: Compliance Date One, aligning with the previously one-year extension between the City of Duluth and DEED; Article 8.1.a.7: Updating the agreement to reflect Sofidel’s parent company; and Article 8.1.b.1: Updating the jobs and wage brackets to align with Sofidel’s own wage brackets, instead of the previous borrower, ST Paper.

BUDGET/FISCAL IMPACT: None

OPTIONS: Approve and proceed with the amendment as agreed upon by the City of Duluth, DEED, and Sofidel; Deny and risk losing the grant funding from DEED.

NECESSARY ACTION: Approve

ATTACHMENTS: Second Amendment to Minnesota Investment Fund Loan Agreement; Original Minnesota Investment Fund Loan Agreement