



REQUEST FOR COUNCIL ACTION

AGENDA DATE: October 10, 2022

AGENDA ITEM: Consider adopting a resolution regarding the approval of a DEED Minnesota Investment Fund (MIF) application by the Grand Rapids Economic Development Authority for the Arbor Wood Co. project.

PREPARED BY: Rob Mattei, Director of Community Development

BACKGROUND:

For the past few months, we have re-engaged in discussions with Voyageur Capital Group, the owner of the former Ainsworth site at 502 W. Co. Rd. 63, and company officials from Arbor Wood Co., LLC regarding the establishment of a production facility for Arbor Wood within a portion of the former OSB plant. Those discussions have also included representatives from the Minnesota Department of Employment and Economic Development (DEED) and the Minnesota Department of Iron Range Resources and Rehabilitation (IRRR) to conduct due diligence and design a collaborative approach toward support of this project.

[Arbor Wood Co.](#) is a supplier of thermally modified siding, decking and dimensional lumber. The Arbor Wood manufacturing process, which is currently outsourced, uses heat and steam to improve the aesthetics and durability across a range of wood species. Arbor Wood, who has developed their product line in conjunction with the University of Minnesota, is at the forefront of the domestic thermally modified wood movement.

The Grand Rapids Arbor Wood project will bring the production process in-house for Arbor Wood. Integration of the production process will improve Arbor Wood's product delivery speed, quality control oversight and production capacity. Voyageur Capital Group, who is also an investor in Arbor Wood, will renovate 48,000 sq. ft. of the mainly vacant building for the project. This renovation will involve site improvements, electrical, mechanical, fire suppression, roof repair, and construction of offices and restrooms valued at approximately \$3.4M. Voyageur Capital Group has submitted a request to the City for Tax Increment Financing to assist in this renovation, which is currently under review.

In addition to the creation of new tax base, the Arbor Wood project will employ eight full time positions at start up. Additionally, the sourcing of native tree species for Arbor Wood's

production will lead to indirect employment in logging and transportation, which are other economic sectors negatively impacted by past downsizings in regional forest product industries.

Arbor Wood will invest approximately \$3.0 in the purchase of machinery and equipment for the plant, bringing the total budget for the project to \$6.4M. GREDA's pending application for a MIF grant of \$232,000 would be used by GREDA to provide a seven year, interest free loan to Arbor Wood for equipment purchases.

REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution regarding the approval of a DEED Minnesota Investment Fund (MIF) application by the Grand Rapids Economic Development Authority for the Arbor Wood Co. project.