



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

CITY COUNCIL WORKSESSION AGENDA

Monday, May 22, 2023

5:00 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Worksession meeting of the Grand Rapids City Council will be held on Monday, May 22, 2023 immediately following the closed meeting in the City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

ROLL CALL:

BUSINESS:

1. Discuss Mesaba Metalics resolution and request for support.
2. Review 7th Avenue SE / River Road Construction Project

DEPARTMENT HEAD REPORT:

3. Public Works / Engineering Department Head Report

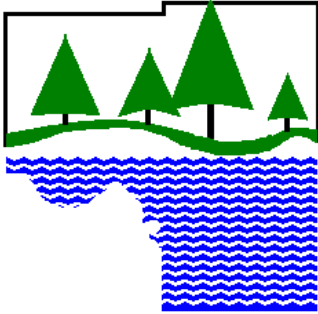
REVIEW OF REGULAR AGENDA:

ADJOURN:

Attest: Kimberly Gibeau, City Clerk

ITASCA COUNTY

Courthouse
Administrative Services
123 NE 4th Street
Grand Rapids, MN 55744-2600
Office (218) 327-7363 Fax (218) 327-2848



May 17, 2023

RE: Itasca County Testimony, Executive Council – May 25, 2023, meeting date:
Agenda Item #6 – Request to Approve Issuance of State Taconite Iron Ore Mining
Leases in Itasca County to Cleveland-Cliffs Minnesota Land Development LLC

Executive Council Members,

Itasca County supports the completion and operation of the 7 million ton per annum taconite and palletization project in Nashwauk, Itasca County, Minnesota. The benefit this project would bring to Itasca County, the entire Iron Range, and all of Minnesota cannot be overstated. Specific economic benefits are listed on Itasca County Resolution #2023-26, attached. To date, over 1.5 billion dollars has been invested under the direction of Mesabi Metallics. The Mesabi Metallics project is currently permitted with an additional value added DRI investment but completion and operation are not viable without securing necessary mineral leases.

Itasca County also wants to ensure the future of mining throughout the Iron Range, to include additional mine life at Hibbing Taconite. We believe Cleveland Cliffs is a proven partner to the Iron Range and Minnesota and welcome their activities within Itasca County to ensure Hibbing Taconite’s long-term viability.

Recently, President and COO of Mesabi Metallics, Mr. Larry Sutherland, addressed the Itasca County Board of Commissioners and presented the progress and vision to complete the project which will aid the green steel revolution in the United States. We also received feedback from various local contractors like TNT Hammerlund Inc., and Northern Industrial Erectors (NIE) who affirm that the project construction is ongoing. Some of our board members have visited the construction site and have verified the significant progress in construction activity. As many as fifty (50) trade union workers are already on site and heavy cranes have arrived and are operating. As the activity ramps up, there will be more trade union workers employed. About \$500 million worth of equipment is lying at the site and we have seen an increase in activity that convinces us that Mesabi Metallics is on track to complete the project by March 2026.

Accordingly, we believe the State of Minnesota has the opportunity to make both mining projects possible. By directing the DNR to amend their current mineral lease proposal and distribute the mineral leases to both Mesabi Metallics and Cleveland Cliffs, the Executive Council ensures that both operations have enough taconite reserves for sustainable mining operations. We fully support the State mineral leases to be studied and distributed in an equitable and transparent manner to both companies.

With full acknowledgment of past concerns regarding timing and completion of the Nashwauk project, we propose that leases awarded to Mesabi Metallica be kept in reserve until such time the pellet plant construction has progressed to be able to commence operations in nine months – at such time the leases could be executed.

We believe that providing taconite resources to both Cleveland Cliffs and Mesabi Metallica provides the best opportunity for long term investment, employment opportunities, and revenue streams to school trust recipients, the State, and local units of government. We implore the Executive Council to consider the solution proposal from Itasca County and direct the DNR to amend their lease proposal. We believe that without the necessary mineral leases Mesabi Metallica will not be able to move forward, resulting in the loss of jobs and revenue to Itasca County and our region. Itasca County simply cannot weather another economic opportunity lost. Not only does this project have the potential to provide an immediate and multi-generational employment opportunity for Itasca County and the State of Minnesota, it provides a transformational path to the production of green steel in the United States.

Respectfully Submitted,



Burl Ives, Chair
Itasca County Board of Commissioners

Attachment



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Item 1.

Tuesday, May 16, 2023

RESOLUTION 2023-26

RE: STATE MINERAL LEASES PROPOSED DISTRIBUTION NEAR NASHWAUK

WHEREAS, Minnesota Statutes Chapter 93.001 states that "It is the policy of the state to provide for the diversification of the state's mineral economy through long-term support of mineral exploration, evaluation, environmental research, development, production, and commercialization."

WHEREAS, The Minnesota DNR, on May 4, 2023 has recommended issuance of State mineral leases for 66 parcels near Nashwauk for mineral extraction solely to Cleveland Cliffs and the same is likely to be considered by the Minnesota Executive Council on May 25, 2023 and if approved, the DNR will award these leases to Cleveland Cliffs.

WHEREAS, the Itasca County Board and its municipalities and surrounding Iron Range communities, have an immediate and ongoing interest in ensuring that the State of Minnesota mineral leases are distributed to maximize the socio economic benefits to Itasca County and its surrounding regions, to support multi-generational sustainable job creation and the School Trust Land Fund.

WHEREAS, Mesabi Metallics, an ongoing mining and pelletization project in Itasca County has the following attributes which are beneficial for the entire Iron Range and the people and State of Minnesota as a whole and thus it is of vital importance that this project is allowed to be completed and have sufficient taconite reserves for at least 30 years of mine life:

Jobs

- 1000 – Construction union jobs during the construction period over the next 2 years
- 350 – New long term, multi-generational jobs during operations
- 700 – Indirect jobs

Expected economic Benefits of the project to the Itasca County and the State of Minnesota over the mine life of 30 years

Investments

- Over \$ 800 Million in continuing investment in the present project
- Over \$ 1 Billion potential investment in the value added DRI facility

Revenues

- Over \$ 500 M to the School Trust Land Fund
- Over \$ 300 M to the Itasca County
- Over \$ 100 M to the DNR

WHEREAS, Itasca County is further cognizant to preserve the 750 jobs at Hibtac which is expected to run out of taconite reserves after 2026.

WHEREAS, the County would therefore like to suggest a win-win proposal by which all of the above objectives are achieved for the benefit of all stakeholders including Itasca County, the Iron Range and all Minnesotans.

NOW THEREFORE BE IT RESOLVED, that the Itasca County Board of Commissioners recommend that the DNR amend its current mineral lease proposal and distribute the mineral leases between both Mesabi and Hibtac such that each operation has enough taconite reserves for their sustainable mining operations;

AND FURTHER BE IT RESOLVED, that the leases thus proposed to be awarded to Mesabi may be kept in reserve until such time as the pellet plant construction has progressed sufficiently such that it is in a position to commence operations in 9 months thereafter, leases will be provided so that crude ore may be ready for processing.

AND FURTHER BE IT RESOLVED, that the Itasca County Board of Commissioners requests the Executive Council scheduled to meet on May 25, 2023 to amend the decision made by the DNR such that the State mineral leases are studied and distributed between the two companies in a fair, equitable and transparent manner to the benefit of each company’s business plans going forward and which would be in the best interests of the State.

AND FURTHER BE IT RESOLVED, that the Itasca County Board of Commissioners be authorized to take such actions as may be required during this period till May 25, 2023 in furtherance of this resolution including calling on the members of the Executive Council, the DNR and any other relevant people and if required also take such legal steps if necessary.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner John Johnson
SECONDER:	Commissioner Cory Smith
AYES:	Cory Smith, Terry Snyder, John Johnson, Burl Ives, Casey Venema

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 16th day of May A.D. 2023 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 16th day of May A.D. 2023.



Administrator



Mesabi Metallics

Presented by Larry Sutherland, President and Chief Operating Officer of Mesabi Metallics at the meeting of Itasca County, Board of Commissioners, Grand Rapids at 2.30 pm on Tuesday, May 16, 2023 at the Itasca County Boardroom

1. Preamble / Background

- Mesabi Metallics Company LLC is building 7 million ton per annum taconite mining and palletization project in Nashwauk, Minnesota. Investment of \$ 1.5 billion has been made till date. Further investment of \$ 800 million is expected to be made till the completion of the pellet plant with the further potential to build a value added DRI project.
- Unfortunately, the project had a history of delays caused due to various external circumstances. Mesabi Metallics has however continued to persist to complete the project in an efficient manner.
- Construction of the project has been accelerated since April this year and several million dollars have now been further committed by the company to invest in the project which is now scheduled to be completed by 31 March 2026.
- DNR Leases: It is critical for the realization of the project that the state mineral leases are available which Mesabi Metallics were holding but were terminated by State of Minnesota Department of Natural Resources (DNR) in year 2021.

Recently, DNR has recommended the award of state leases to Cleveland Cliffs on 4 May 2023. This recommendation is expected to be placed before the Executive Council for approval on 25 May 2023. These state leases are critically important for the Mesabi Metallics plant.

- Itasca County and its community will be severely affected if this decision of DNR is approved by the Executive Council.
- Cleveland Cliffs has stated that Hibbing Taconite plant operations will be closed in 4 to 6 years leading to loss of 750 jobs if the state mineral leases are not awarded to it.

2. Status of the project

- Engineering: Approx. 80% of engineering design completed; has been ongoing for last 2 years and remaining to be completed in next 3 months
- Procurement: Majority of plant and machinery, associated equipments and material of value over \$500 million are on site;

- Construction: Construction of project is 50% complete and approx. 4.0 million labor hours have been spent on the project; Construction work has been accelerated since 1 April 2023; Earthwork and civil engineering works has been substantially completed; Balance of Construction will be completed and
- commercial operations are expected to commence by March 2026. Mesabi Metallics has also released advances to various vendors including local contractors to accelerate the construction schedule for the plant
- All taxes and Royalties payable to DNR / Itasca County have been paid. Mesabi is in good standing with all of its obligations

3. About Essar

Essar is the holding company of Mesabi Metallics. Essar is a global investor which owns a number of world-class assets diversified across the core sectors. Essar has a net-worth of over \$ 6bn as of March 2022 and its portfolio companies have aggregate revenues of around US\$15 billion and employ over 7,000 people including 2,000 people employed in the United States by its portfolio company Black Box Limited – US based IT solutions provider in systems integration operations.

4. Benefits to the Itasca County, School Districts, Iron range and State of Minnesota

- Mesabi Metallics will complete the pellet plant construction and this will lead to creation of 1000 construction union jobs, 350 new direct jobs and 700 indirect jobs
- This will further lead to significant socio economic benefits to the local community, school districts and counties over the life of mine. It is estimated that the Mesabi Metallics project will contribute approximately
 - \$500 million to the School and University trust land funds
 - \$300 million revenues to Itasca County; and
 - \$100 million revenues to DNR

5. Mesabi Metallics' vision to aid to the Green Steel Production in the US

- Mesabi Metallics also plans to grow with value added DRI project and pave a definitive path to Green Steel production in the United States by investing in the development of the value added DRI plant at an investment of over \$ 1 billion adjacent to its pelletization plant which will be a path to the production of Green Steel in the United States. DRI from Mesabi Metallics will enable Mesabi Iron range to emerge as the leading low carbon steel making region in the United States with lowest carbon footprint, as the United States achieves its NET ZERO target by the year 2050. This combined facility, once operational will be one of the largest in terms of revenue generation and job creation on the entire Iron Range of Minnesota.

-

- This additional investment in the value added DRI plant in the Iron range shall create employment opportunities for 1500 people from the local communities during the construction period and thereafter generate permanent employment for 250 people in addition to the pelletizing facility.

6. Support requested from the Board of Commissioners of Itasca County

- Mesabi Metallics Project is significantly advanced, has all relevant permits in place and reinstatement of state leases can see taconite being mined and processed at the Nashwauk site by March 2026.
- In view of the criticality of this project and investment, in support of multi-generational future of the people of Itasca County, the local communities, the Iron Range, the State of Minnesota and all Minnesotans, and in view of the various socio economic benefits that the successful completion of this project brings, Mesabi Metallics requests support of the Board of Commissioners of Itasca County to take any such actions as necessary to ensure that the interests of all stakeholders are protected in a fair and just manner.



CORPORATE FILM



CORPORATE BROCHURE

Annexure: Nashwauk Lease wise estimated taconite reserves

S.No	Lease No	Category of land	Acres	Estimated Tonnage (M Tons)
1	3109 N	University Trust	123	95,209,343
2	3110 N	University Trust	42	34,129,078
3	3111 N	University Trust	160	83,337,119
4	3112 N	University Trust	80	39,457,387
5	3113 N	University Trust	49	773,347
6	3114 N	University Trust	40	3,178,745
7	3115 N	University Trust	40	-
8	3116 N	University Trust	240	5,785,272
9	3117 N	University Trust	80	4,338,012
10	3118 N	University Trust	80	-
11	3119 N	University Trust	160	97,246,517
12	3120 N	University Trust	40	17,307,994
13	3121 N	University Trust	40	29,927,520
14	3122 N	University Trust	80	60,833,480
15	3123 N	University Trust	120	81,528,708
16	3124 N	University Trust	53	50,800,882
17	3125 N	School Trust	160	84,504,680
18	3126 N	School Trust	160	11,260,223
19	T 5081 N	Tax Forfeit	40	8,032,103
20	T 5082 N	Tax Forfeit	80	12,471,715
21	T 5083 N	Tax Forfeit	80	-
22	T 5084 N	Tax Forfeit	40	7,578,850
23	T 5085 N	Tax Forfeit	60	46,437,348
24	T 5086 N	Tax Forfeit	40	30,078,606
25	T 5087 N	Tax Forfeit	40	29,093,173
26	T 5088 N	Tax Forfeit	40	30,172,072
27	T 5089 N	Tax Forfeit	40	-
28	T 5101 N	Tax Forfeit	157	36,819
29	T 5102 N	Tax Forfeit	160	130,597
30	T 5103 N	Tax Forfeit	141	45,909,351
	TOTAL		2666	909,558,938



May 22, 2023

Minnesota Executive Council
Minnesota Department of Administration
50 Sherburne Avenue
St. Paul, MN 55155

**Subject: City of Grand Rapids support of the completion and start-up of the Mesabi Metallica
7M TPA Pellet Plant in Nashwauk, MN**

Governor Walz, Lieutenant Governor Flanagan, Attorney General Ellison, State Auditor Blaha, and
Secretary of State Simon,

As the elected officials representing the residents of the City of Grand Rapids, we write to you today
to urge this body to please pause on the decision regarding the state-owned mineral leases located in
Itasca County. We believe that there are enough resources for the successful completion and
operation of the Mesabi Metallica project, located here in Itasca County, as well as the resources
needed for Cleveland Cliffs and Hibbing Taconite. A split lease decision would be a win-win for our
residents, Itasca County, and our friends and neighbors in St. Louis County.

We understand first-hand the harms of the starts and stops of the Mesabi Metallica project. We have
felt them directly in our communities both by our residents, our businesses, and our own budgets.
We have also felt the positives of this project too. When the project was in peak construction with
350 workers on site, our local economies were thriving, and we were able to make significant public
infrastructure investments with the increase in revenue. When everything abruptly stopped in 2017,
it was devastating. The bankruptcy of the parent company and the impact here on the Range cannot
be diminished, but we know that this market is volatile, and bankruptcies are not uncommon.

It is the charge of the Executive Council to award public leases to projects that are in the best interest
of the state. We ask this body closely to evaluate both Mesabi and Cleveland Cliffs proposals and
consider performance-based lease awards, to ensure our community begins to see the benefits we
have been promised for almost two decades. In that vein, our community cannot idly look at the past,
we must look at the present commitments and evidence of a project that is ramping up with union
contractors already working on site and a completion date of 2026. We must look towards the
future, to push for an investment and operation right here in Itasca County. An investment that will
provide desperately needed living wage jobs, resources for our schools, customers to our businesses,
and cutting-edge technology that will reduce the carbon impact of the industry that our communities
were built on a century ago.

We appreciate this body's evaluation of the many paths forward for both Mesabi Metallics and Cleveland Cliffs. We fully believe there is a solution that provides success for all parties and will benefit our residents and businesses to their fullest capacity.

Sincerely,

Dale Christy
Mayor



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

REQUEST FOR COUNCIL ACTION

AGENDA DATE: May 22nd, 2023

AGENDA ITEM: Review 7th Avenue SE / River Road Construction Project

PREPARED BY: Matt Wegwerth

BACKGROUND:

Review schedule, detour route and proposed construction for 7th Avenue SE / River Road Roundabout Project.

REQUESTED COUNCIL ACTION:

ITEM # _____



WORKSESSION COVERSHEET

AGENDA DATE: May 22, 2023
TITLE: Public Works / Engineering Department Head Report
PREPARED BY: Matt Wegwerth

BACKGROUND:

Public Works / Engineering Department Head Report

ATTACHMENTS: