



CITY COUNCIL WORKSESSION AGENDA

Monday, March 24, 2025

4:00 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, March 24, 2025 at 4:00 PM in the City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

ROLL CALL:

BUSINESS:

1. Minnesota Power Presentation - Kate Van Daele

DEPARTMENT HEAD REPORT:

2. Community Development - Rob Mattei

REVIEW OF REGULAR AGENDA:

ADJOURN:

Attest: Aurimy Groom, Administrative Assistant

THE NEXT CHAPTER



A reliable path to 90% renewable energy and replacing coal by 2035

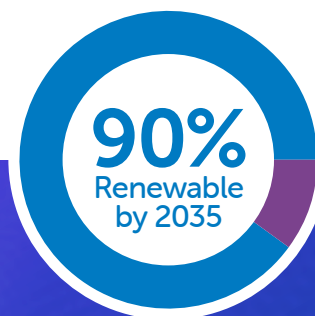
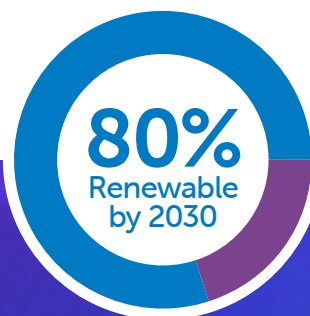
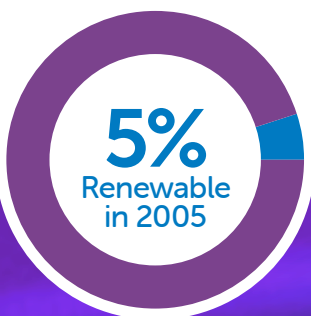
Our 2025 Integrated Resource Plan outlines the realistic next steps in our *EnergyForward* strategy to reduce carbon while maintaining 24/7 reliable energy to customers.

We're adding new renewable resources and energy storage, positioning to meet increasing demand for energy, reducing carbon emissions, and ceasing coal at Boswell Energy Center for our customers by 2035.

Through this diverse combination of resources, Minnesota Power will meet the requirements of the state of Minnesota's carbon-free standard while continuing to safeguard energy security, provide reliable electric service to customers and continue investing in our region.

Together we're moving *EnergyForward*.

OUR PROGRESS: 2005-2035



PLAN HIGHLIGHTS



400 megawatts of new wind

Add 400 megawatts of new wind projects by 2035 in addition to the 700 megawatts of renewables now in development



Expand energy storage resources by 100 megawatts by 2035



Maximize and expand customer-focused programs

Including energy efficiency and demand response

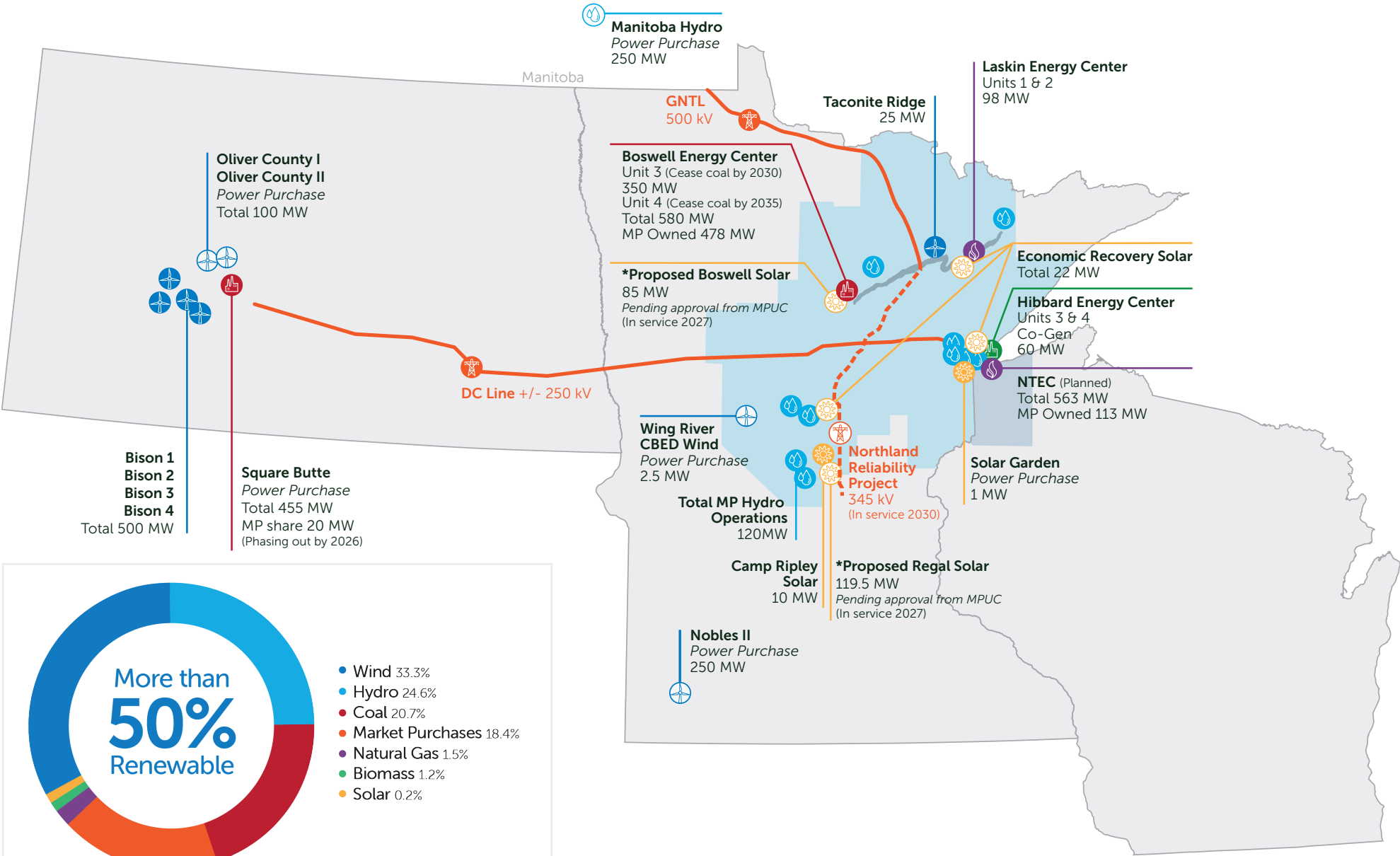


Add approximately 1,000 megawatts of natural gas capacity

Replacing the company's last coal-fired baseload generation at Boswell Energy Center for immediate carbon reductions

- Refuel Boswell Unit 3 to natural gas by 2030—355 megawatts
- Add about 750 megawatts of new natural gas
- Boswell Unit 4—Committed to cease utilizing coal in our power supply by 2035
- Will develop refueling options for Boswell Unit 4 and revisit in next Integrated Resource Plan

Generation Supply



Minnesota Power calculates and reports carbon emissions based on the GHG Protocol. Details in ALLETE's Corporate Sustainability Report (allete.com/sustainability).

Building a stronger, better grid

Enhancing reliability and resiliency





THE NEXT CHAPTER

Josh Skelton
ALLETE Vice President &
MP Chief Operating Officer

2025 Integrated Resource Plan



Overview of Minnesota a Power


1,100
Employees


150,000 Total
Customers


Nation's
Largest
Industrial
Operations



14 Municipal
Customers

Item 1.

ALLETE is the largest investor in renewable energy in the country for any IOU it's size; MP is the most renewable utility in MN (<50%) & has exceeded MN's energy conservation goals for the last 14 years.



Service
Area

 More than 1,660
megawatts power
generation capability

- More than 1,340 megawatts of renewables
 - Approx. 870 megawatts wind
 - More than 370 megawatts hydro
 - 70 megawatts of biomass generation
 - More than 30 megawatts solar

What is an IRP?

- 15-year outlook on the utility's plan to meet expected customer demand while ensuring safety, reliability, and reasonable costs
- One of the most important planning tools and road maps for each electric utility in Minnesota
- Reasonable plan to ensure utilities can meet customers' needs in a reliable and low-cost manner
- Plans include forecasts, evaluation of current assets and long-range power system planning
- Filed periodically with the Minnesota Public Utilities Commission
- Broad public process with opportunities

Foundations of EnergyForward



EnergyForward



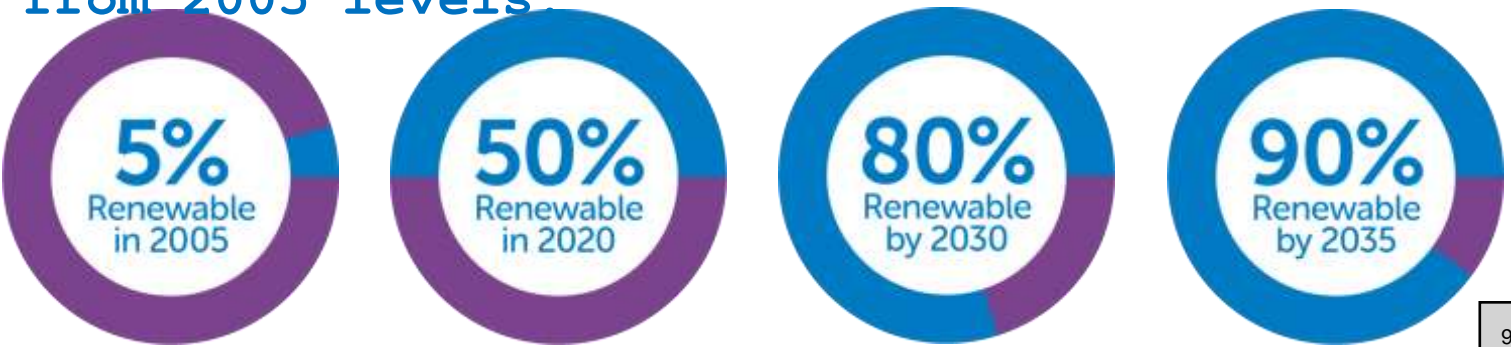
Item 1.

- **Historic decarbonization:** First utility to deliver 50% renewable energy in our region.
- **Renewable energy expansion:** Increasing wind, solar and battery storage capacity to achieve 90% renewable by 2035.
- **A cease-coal transition plan:** Cease coal by 2035.
- **Grid modernization:** Investing in transmission, smart grid technology and energy storage.
- **Customer affordability:** Making smart investments that ensure a stable power supply our customers can afford.
- **Meeting demand reliably:** Meeting our region's growing energy demand while

IRP Goals:

- Safeguard reliability
- 90% renewable energy by 2035
- Address increasing regional demand
- Replace coal with a dependable energy supply
- Put forward a plan that keeps bills as low as possible
- Meet Minnesota's carbon-free standard
- Reflect input from customers, communities,

The plan results in 95% reduction of carbon from 2005 levels:



A
reliable
path
toward a
carbon-
free
future

Plan highlights



400 megawatts of new wind

Add 400 megawatts of new wind projects by 2035 in addition to the 700 megawatts of renewables now in development



Expand energy storage resources by 100 megawatts by 2035



Maximize and expand customer-focused programs

Including energy efficiency and demand response



Add approximately 1,000 megawatts of natural gas capacity

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- Refuel Boswell Unit 3 to natural gas by 2030–355 megawatts
- Add about 750 megawatts of new natural gas



Conversion and continued use of Boswell Energy Center

Boswell Energy Center (BEC) Units 3 and 4 are Minnesota Power's two remaining coal units

Unit 3:

- Scheduled to cease coal in 2030
- Will run solely on natural gas by 2030
- Will continue to explore biomass fuel opportunities
- Leveraging existing infrastructure and continuing local investment

Unit 4:

- Ensuring reliable energy for customers
- Committed to cease utilizing coal in our power supply by 2035
- Will be adapted to be 40% natural gas by 2030 if required by current carbon regulations

Increasing energy demand

This IRP outlines a plan to meet increased demand with a safe, reliable and increasingly clean energy supply.

Several key factors contribute to rising energy demand in Minnesota:

- 1 Industrial growth and new technologies
- 2
- 3 Electrification of transportation, heating and other systems

Extreme weather and climate adaptation increased heating

The road to Minnesota's carbon-free standard

We are committed to meeting our state's goal for a carbon-free future.

- We will get there the right way, by safeguarding reliability and keeping bills as low as possible.
- We expect to meet the 2035 milestone of MN's carbon-free standard with 90% renewable energy.
- We will prioritize reinvestment in our region to support the communities we serve.
- We expect approval of the IRP in 2026.
Together we're moving EnergyForward.



What's Next: How to Participate

Soon, the MPUC will open a 4 month comment period on whether the Commission should approve, modify or reject MP's IRP.

Item 1.

- The public may submit comments to the MPUC in the IRP docket No. E015/RP-25-127
- Multiple ways to submit comments:
 - To submit a comment online, go to <https://mn.gov.puc/get-involved/public-comments/>
 - Email consumer.puc@state.mn.us
 - Mail to: Minnesota Public Utilities Commission, 121 7th Place East, Suite #350, St Paul MN 55101
 - The MPUC will hold a public hearing on this matter at a future date.



Acquisition of ALLETE

Acquisition Partners

CPP Investments

One of the top-ranked pension funds in the world on governance, transparency and cost

Long track record of investing in the infrastructure and energy space

- ✓ Aligned in our commitment to advancing a sustainable clean-energy future
- ✓ Share our focus on safety and our commitment to integrity, community engagement, local job retention and career growth, and recognize the important role our ALLETE businesses serve in our communities and country's energy future
- ✓ Expertise and resources that will support work already underway to enhance grid resiliency, reduce carbon and innovate to meet the complex

Global Infrastructure Partners

Leading global infrastructure fund manager

Focused on large-scale investments in business and assets that provide essential services

Acquisition Purpose

This acquisition aims to strengthen the operational and financial foundation of Minnesota Power while enhancing its commitment to providing reliable, affordable, and sustainable energy solutions to customers. By partnering with CPP Investments and GIP, Minnesota Power will be even better positioned to invest in grid needs for the future.

Key Aspects of the Acquisition



Strategic Investment Partnership

ALLETE will remain an IOU but will be privately held by two experienced investors aligned with ALLETE’s Sustainability in Action strategy, rather than many shareholders through publicly traded stock market.



Stable Access to Capital

The acquisition will bring significant financial resources (capital) needed to upgrade and expand Minnesota Power’s infrastructure, ensuring that the energy grid is more resilient and capable of meeting growing



Regulatory Oversight

Minnesota Power will remain regulated by the MPUC. This continued regulatory oversight and transparency ensures that customer and community interests remain protected throughout the acquisition process



Commitment to Stakeholders

ALLETE will remain headquartered in Duluth, led by its current management team. Minnesota Power will continue its focus on customer service, stakeholder engagement, and support for economic development and the



Focus on Future Energy Needs

The acquisition is a proactive step in addressing future energy needs and challenges in Minnesota, allowing Minnesota Power to adapt to changes in the energy landscape, including shifts toward renewable

Stakeholder Benefits

ALLETE's merger agreement with CPP Investments and GIP includes significant commitments to ensure all stakeholders share in the benefits of this partnership



For employees. Retaining existing workforce, with no layoffs to result from transaction, as well as maintaining compensation levels and benefits programs. MP will continue to be locally managed by its current leadership team and remain headquartered in Duluth



For customers. Maintaining strong customer focus and commitment to providing affordable, reliable and increasingly clean energy, with no expected impact on rates



For unions. Honoring existing union agreements including with International Brotherhood of Electrical Workers



For local communities. The MP Foundation will continue to make economic and charitable contributions to support vibrant and sustainable communities



What's Next? Public Hearing Across our Region

Monday, April 7th

- 10:00 AM at Fond du Lac Tribal and Community College, Cloquet
- 6:00 PM at the Inn on Lake Superior, Canal Park in Duluth

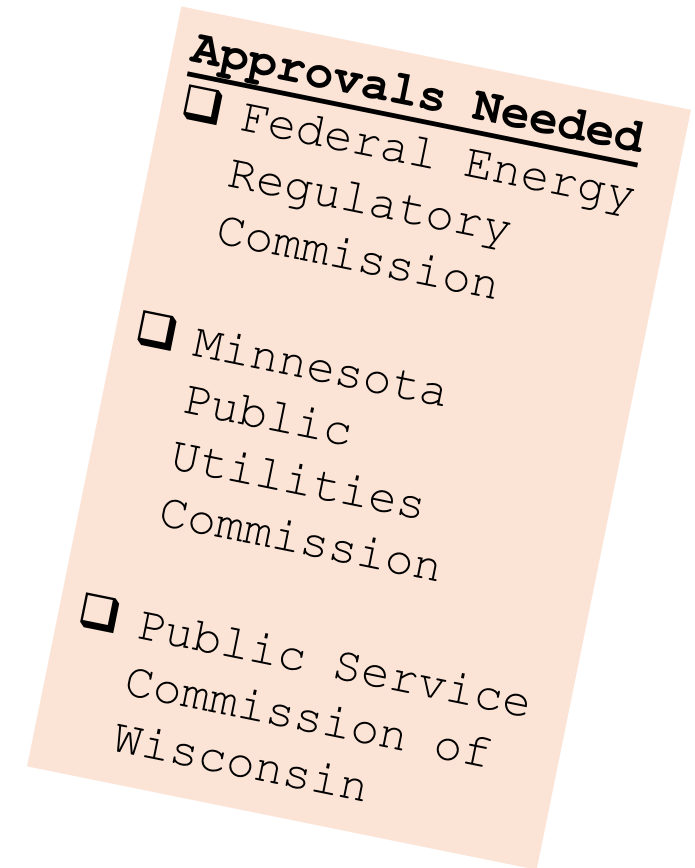
Tuesday, April 8th

- 12:00 PM at Curl Mesabi at Range Recreation Civic Center in Eveleth
- 5:00 PM at the Cohasset Community Center in Cohasset

Thursday, April 10th

- 6:00 PM Virtual Hearing via Webex

Friday, April 11th



Thank you



EnergyForward



The statements contained in this presentation and statements that ALLETE may make orally in connection with this presentation that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties, and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.



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ITS IN MINNESOTA'S NATURE

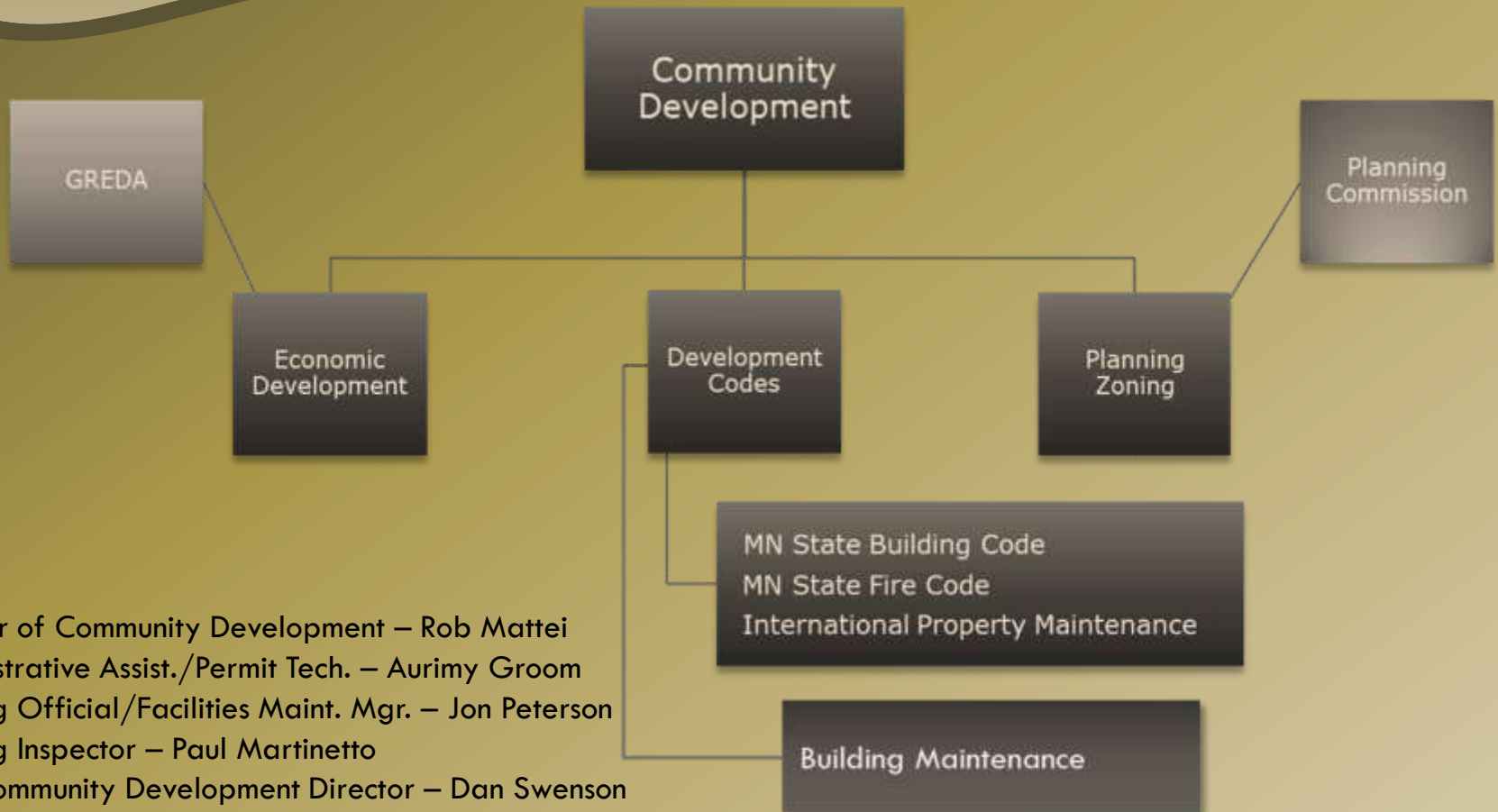
Item 2.

Community Development Department Report

March 24, 2025



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Staff:

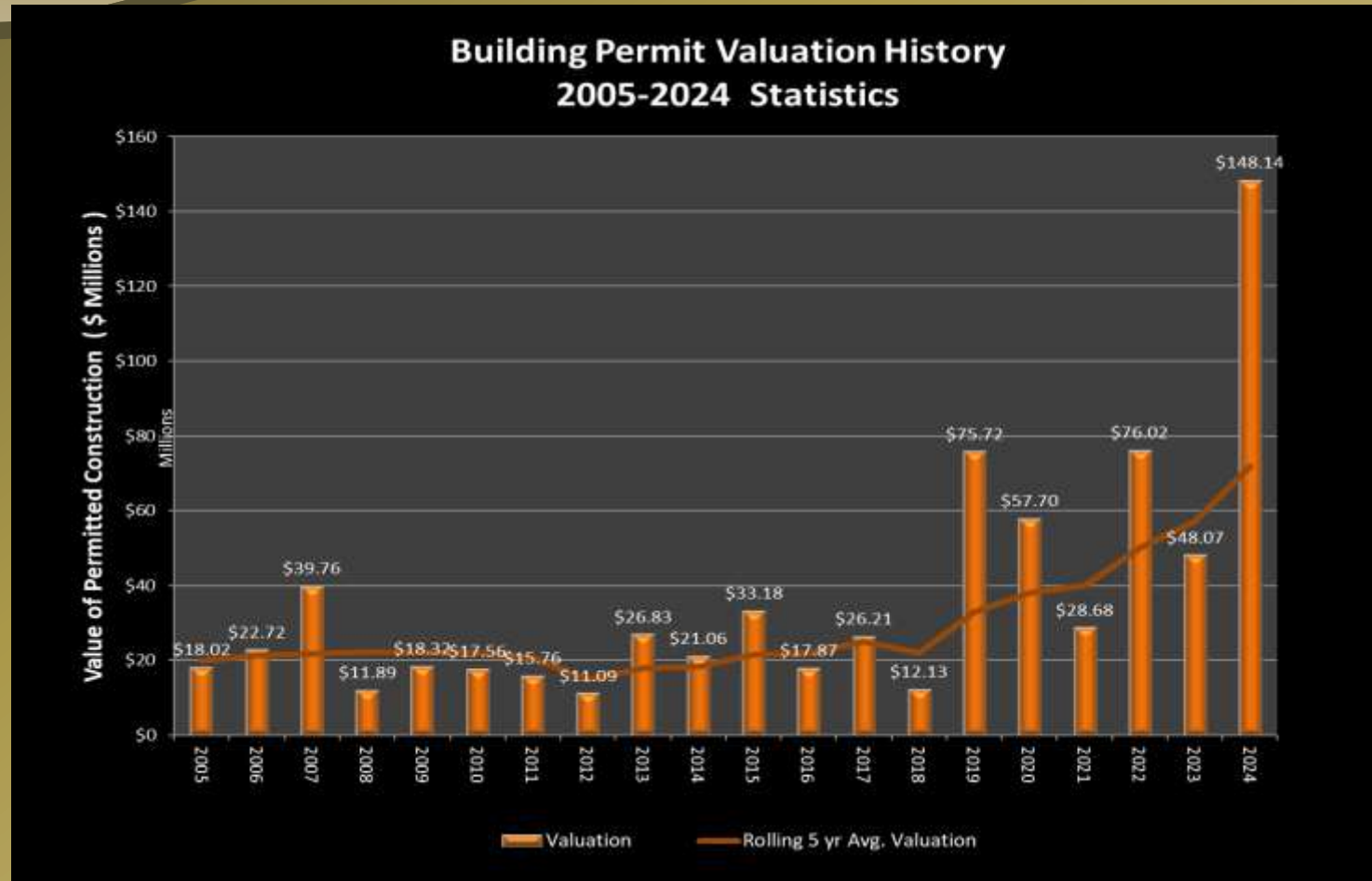
Director of Community Development – Rob Mattei
Administrative Assist./Permit Tech. – Aurimy Groom
Building Official/Facilities Maint. Mgr. – Jon Peterson
Building Inspector – Paul Martinetto
Asst. Community Development Director – Dan Swenson
Building Maintenance – Mike Randall



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Building Permit Valuation Year End Statistics

Item 2.

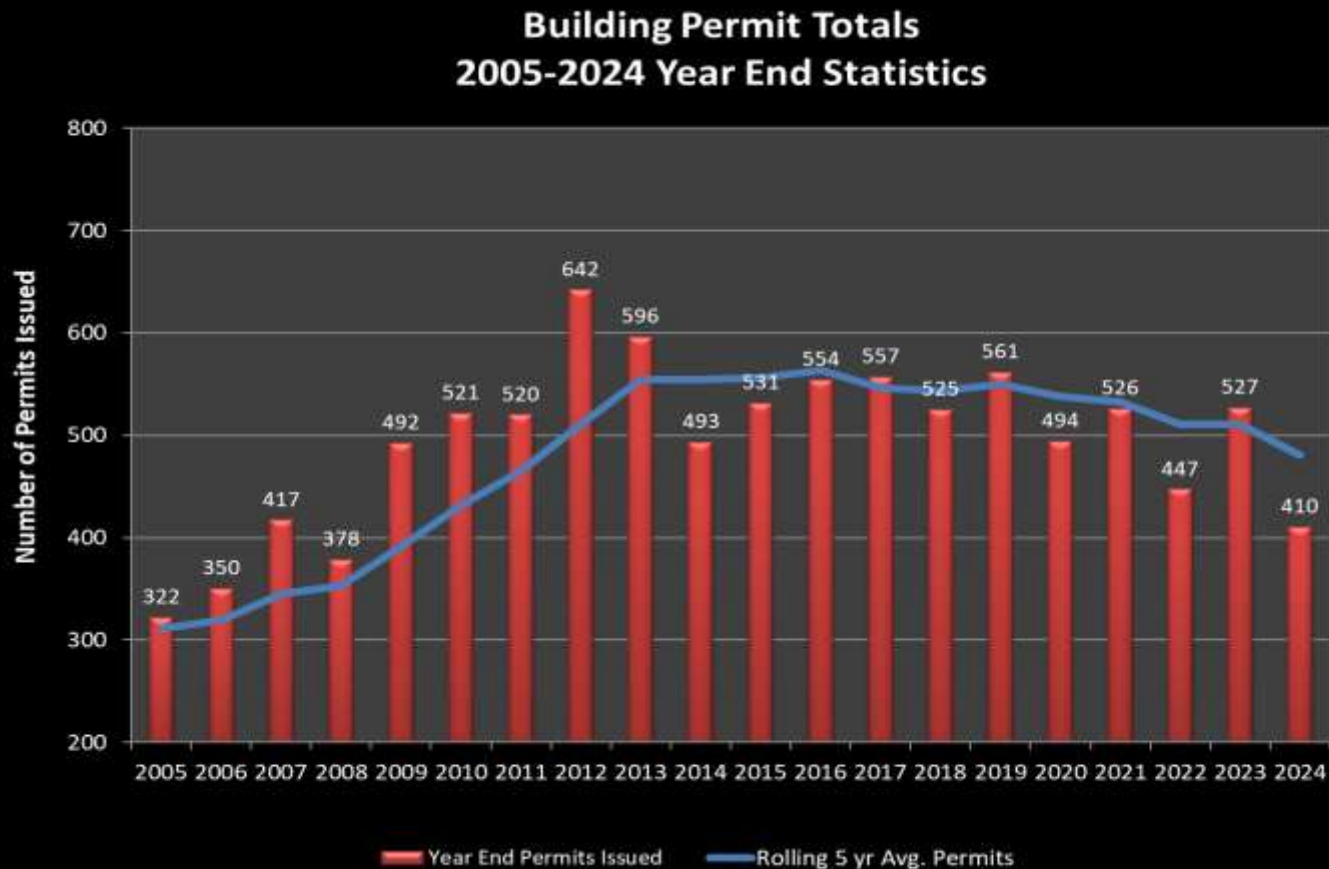




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Issued Building Permits Year End Statistics

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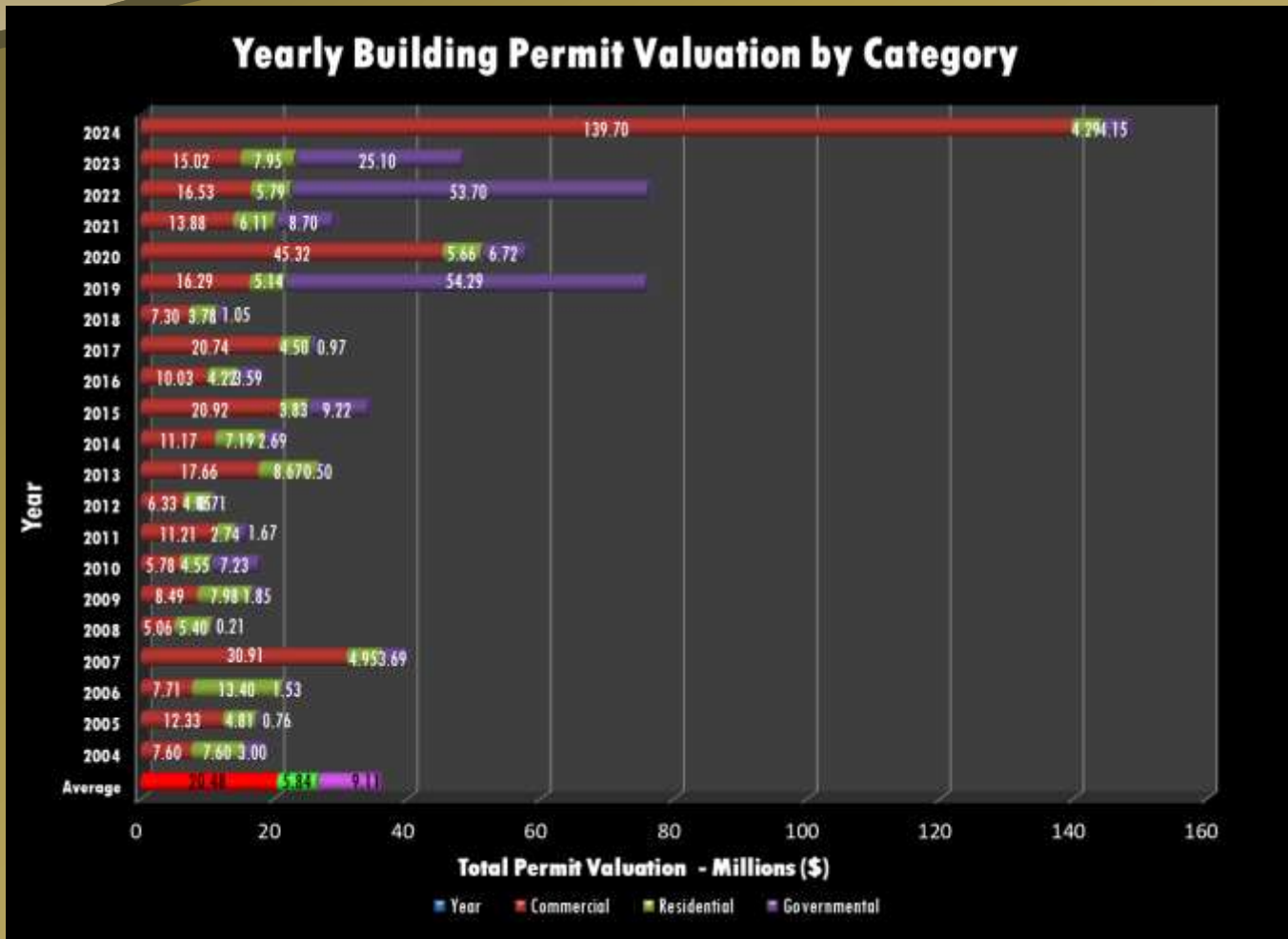


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Building Permit Valuation by Category

Year End Statistics

Item 2.

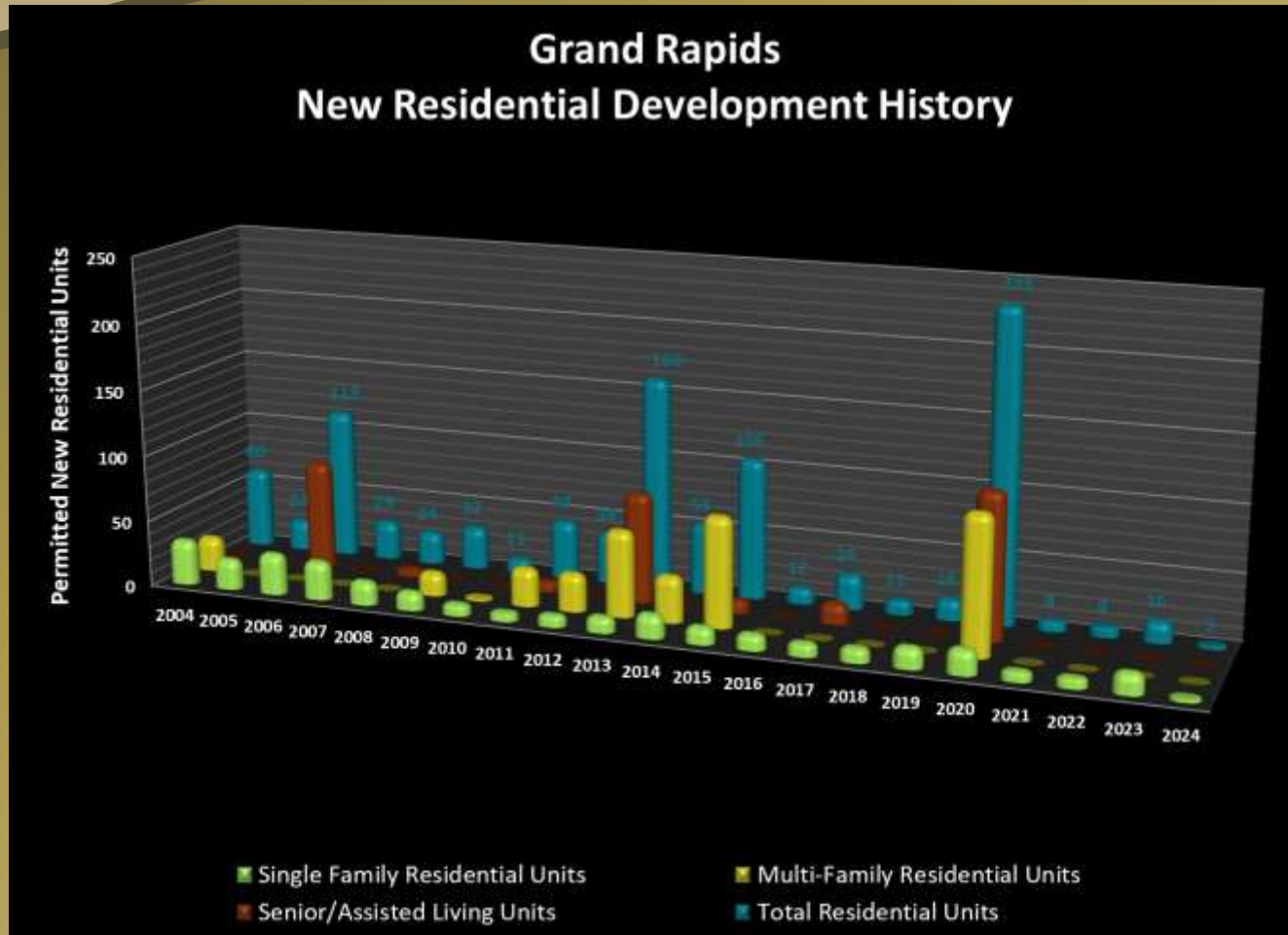


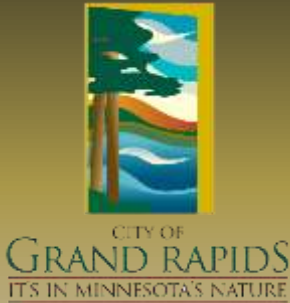
Community Development Department



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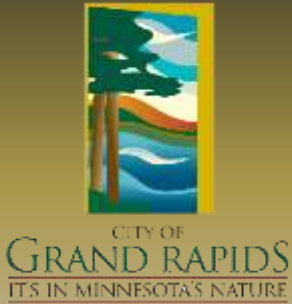
New Housing Statistics





2024 Permitted Construction Highlights

- ❖ **3 New Single Family (3 site built)- \$960,000.00**
 - (Ten-year Single-Family Dwelling average/year = 12.18)
- ❖ **Major New Commercial**
 - L&M Distribution Center (2804 Airport Road) - \$19,488,250.00
 - Tire Center (2750 SE 1st Avenue) - \$4,200,000.00
 - Circle K (106 SW 23rd Street) - \$1,800,000.00
- ❖ **Commercial/Institutional/Governmental Additions, Remodels & Repairs**
 - HWY 35, LLC (502 County Road 63) - \$91,248,404.00
 - HWY 35, LLC (502 County Road 63) - \$10,609,370.00
 - HWY 35, LLC (502 County Road 63) - \$3,015,924.00
 - Minnesota North College (1851 E US HWY 169) - \$2,238,000.00
 - L&M Distribution Center (2804 Airport Road) - \$1,800,000.00
 - Grace House (501 SW 1st Avenue) \$1,700,000.00
 - Automotive Electric (407 NW 6th Avenue)- \$1,200,000.00



Building Safety Activity

❖ Building Report for 2024

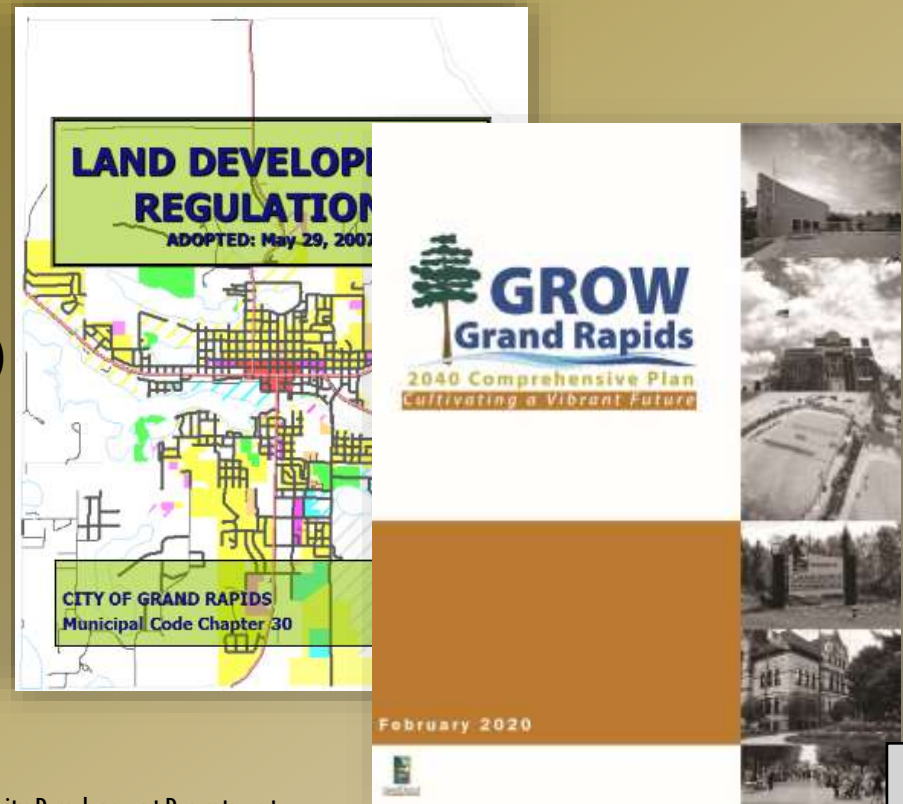
- **Addressed 4 Hazardous Building/Property Maintenance Code violations**
- **Performed 800 on-site construction inspections**
- **Competed 94 commercial and 193 residential plan reviews**



Planning Commission Activity

❖ 2024 Zoning Requests Addressed by the Planning Commission

- January (Text Amendment and Vacation)
- April (Preliminary Plat and Rezone)
- June (Variance)
- September (Two Variances and Vacation)
- December (Variance and Three Vacations)





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Economic Development Activity

L&M Fleet Supply Distribution Center

- Completed the removal of FAA encumbrances
- Completed the final land sale
- Groundbreaking (May 7, 2024)
- Construction
- Grand Opening (February 6, 2025)





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Item 2.

Economic Development Activity

HWY 35 Cannabis Grow/Manufacturing Facility

- Completed the review and approval of a TIF Redevelopment District
- Reviewed and issued 4 building permits for the buildout, with total work valued at \$105,572,500.
- Construction of site work and first phase of buildout started in fall of 2024.





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Economic Development Activity

East Airport Rd. Industrial Site

- Acquired 12.5 – Acre adjacent tract from the Airport to create a 35 – Acre industrial site.
- Completed a survey, environmental study and wetlands determination.
- Collaborated with DEED and IRRR by hosting two visits to Grand Rapids by Niron Magnetics, a new industry considering the site for a manufacturing project.

East Airport Road Industrial Site





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Item 2.

Economic Development Activity

Airport South Industrial Park

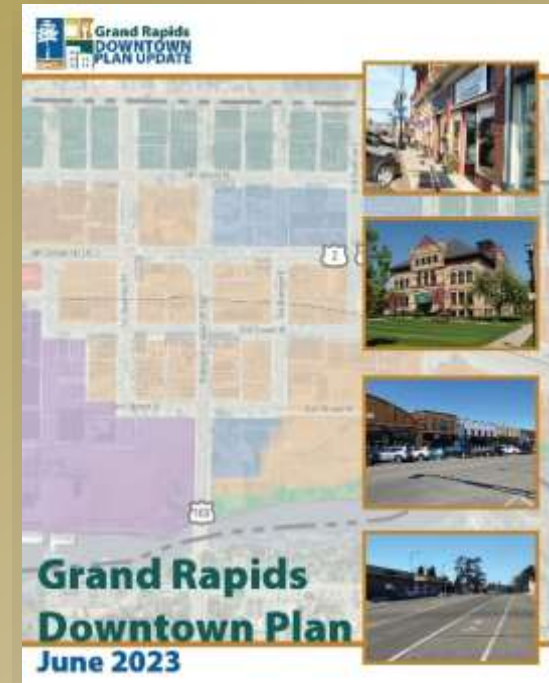
- Approved a Purchase and Sale Contract with Ryan Companies for the sale of four lots, totaling 6.6 acres.
- Closing on the sale is expected to be in late April.
- Intended 2025 development is a 42,000 sq. ft. distribution facility, employing 75+ FTE positions.



Economic Development Activity

Downtown Plan Initiatives & Projects

- GREDA secured grants from the Blandin Foundation and IRRR to advance a key recommendation of the Plan to form a sustainable organization focused solely on Downtown objectives.
 - Hired Economic Development Services to organize a tour of five similarly sized communities with successful downtown organizations with an advisory group of our Downtown stakeholders.
 - With input from the advisory group a preferred structure for the proposed Downtown Alliance was developed along with a 3-year work plan, a 3-year budget (revenues and expenditures) and proposed job description for an executive director.
 - Funding will be requested for the next phase of forming the Downtown Alliance, which involves assistance with a private fundraising effort, grant applications, registration as a 501c3, adoption of bylaws, hiring staff and selection of membership (not necessarily in that order).





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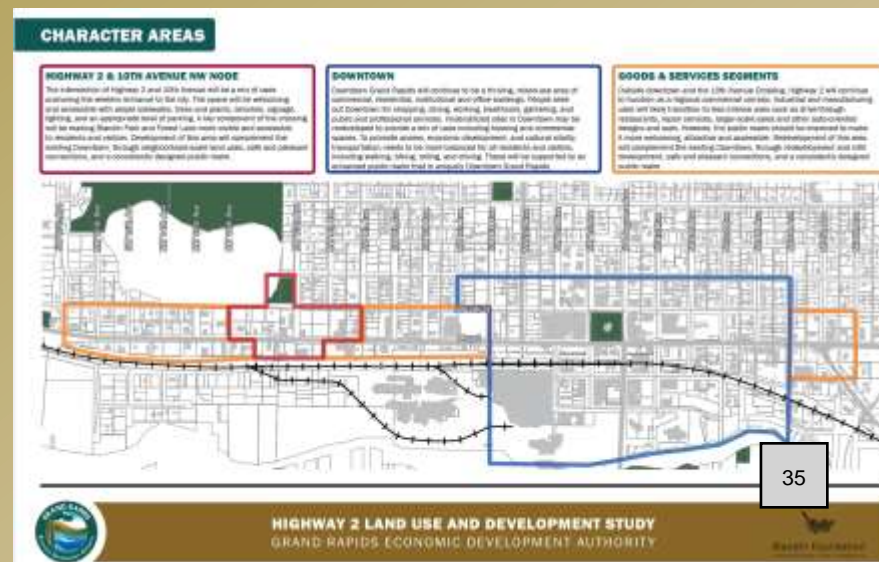
Economic Development Activity

Downtown Plan Initiatives & Projects

- GREDA provided \$535K in loans to three anchor redevelopment projects in Downtown: Ledger and Ladle, RBC Dive Bar and The Pines, using GREDA programs made possible through a Program Related Investments (PRI) with the Blandin Foundation.
- Secured three IRRRB grants totaling \$350K for the same three projects.
- Entered a Purchase and Development Agreement with Free Range Food Co-op for a portion of Block 36 (also a key site in the Downtown Plan).
- Secured a \$30K IRRR Commercial Redev. grant for the demo of the former Caverly Computing building on the 300 Block of E. Hwy 169

Highway 2 West Corridor

- Secured a Blandin Foundation grant and hired Bolton and Menk to lead a community planning effort focused on land use concerns of lack of visual appeal, underinvestment, pedestrian safety and aging infrastructure. Started in Nov.
- Purchased the former Itasca County Farm Co-op (900 W. Hwy 2) from Deerwood Bank.
 - Utilizing a Brownfields Assessment grant to prepare a Hazardous Material Survey and a plan for mitigating the site contaminants.





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Economic Development Activity

Multi-Family Housing

- Oppidan Development Workforce Housing 132 units, \$33.2M
 - Secured a \$7,946,000 forgivable loan from MHFA
 - Secured two grants from IRRR totaling \$800,000
 - Approved Purchase and Development Agreements
 - Reviewed and approved TIF & Tax Abatement
 - Anticipated May construction start (18-month build)
- Grand Rapids Apartments LLC 63 units (Downtown), \$10.2M
 - Approved Purchase and Development Agreements
 - Reviewed and approved TIF
 - Closed on the sale
 - Anticipated May construction start (12-15-month build)
- Commonwealth Development Corp. 32 units (900 blk of SE 4th Ave.)
 - Approved a Preliminary Development Agreement





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Economic Development Activity

Single Family Housing

- Forest Lake Addition
 - Completed the sale of 8 additional lots to the Itasca County HRA
 - ICHRA plans to utilize a new design for the 8 homes to be built in 2025.
 - 18 of the 22 lots have been sold or developed.
- GREDA acquired the former ISD #318 Administration Building on the 800 block of NW 1st Ave.
 - A funding plan for platting, demolishing the building and extending utility services is taking shape.
 - Eight lots for single-family homes will be created and developed in partnership with the ICHRA.





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Item 2.

Questions?