GREENWAY PUBLIC SCHOOLS

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Commissioner Strommen

Minnesota Department of Natural Resources

Division of Lands and Minerals

500 Lafayette Road

St. Paul, MN 55155

Re: Request for Termination of Cleveland-Cliffs' State Mineral Leases at Nashwauk

Dear Commissioner Strommen,

On behalf of royalty beneficiaries of ISD 316 Greenway state taconite mineral leases, we renew our request that the DNR terminate the 30 Nashwauk Leases held by Cleveland-Cliffs (Cliffs).

Background: In 2023, the DNR bypassed competitive bidding to award Cliffs these leases specifically because Cliffs controlled adjacent private mineral leases (the "GPIOP Leases") a fact the DNR and Cliffs both stated made it "impracticable" for anyone else to mine the state ore. Cliffs promised rapid development, including infrastructure tied directly to the GPIOP-leased land.

What's changed: In October 2023, Cliffs lost the GPIOP Leases through arbitration, a decision upheld through the Minnesota courts, with a final judgment entered March 4, 2026. Without that adjacent land, Cliffs — by its own and the DNR's prior logic — can no longer practicably mine the state ore. Cliffs has since taken no meaningful steps toward development, submitted no viable mine plan, and idled production at Hibbing Taconite with major layoffs.

Why must the DNR act: As trustee for the Permanent School Fund, Permanent University Fund, and local districts, the DNR has a fiduciary duty to maximize trust revenue — a duty violated by letting valuable ore sit undeveloped for years.

The legal grounds for termination include: (1) breach of express lease covenants requiring active, skillful mining; (2) frustration of purpose, since the entire basis for the lease (adjacent land control) no longer exists; (3) breach of the implied covenant to reasonably develop leased minerals; and (4) potential fraudulent inducement, citing internal Cliffs communications from related antitrust litigation suggesting Cliffs sought the leases to block competitors rather than to mine.

Mesabi Metallics, by contrast, now controls the adjacent land, has permits in hand, and is set to begin mining this year — offering an estimated $200 million in royalties and taxes over the next decade.

Our requests to the DNR are as follows:

1.) Issue formal notice terminating Cliffs' Nashwauk Leases for non-performance.
2.) Open a negotiated process to re-award the leases to Mesabi Metallics.
3.) Notify trust fund trustees of ongoing revenue losses caused by Cliffs' inaction.

Respectfully,

ISD 316 Greenway Board of Education

cc:

Governor Walz

Lieutenant Governor Flanagan

Minnesota Attorney General's Office

Minnesota Secretary of State's Office

Minnesota State Auditor's Office

Trustees, Minnesota Permanent School Fund

Trustees, University of Minnesota Permanent University Fund

Iron Range Delegation, Minnesota Senate and House of Representatives