This opinion is nonprecedential except as provided by Minn. R. Civ. App. P. 136.01, subd. 1(c).

STATE OF MINNESOTA
IN COURT OF APPEALS
A25-0373

Cleveland-Cliffs Minnesota Land Development LLC,
a Delaware Limited Liability Company,
Appellant,

vs.

Mesabi Metallics Company LLC,
a Delaware limited liability company, et al.,
Respondents.

Filed December 8, 2025
Affirmed
Larson, Judge

Itasca County District Court
File No. 31-CV-23-2072

W. Anders Folk, Jones Day, Minneapolis, Minnesota; and

James R. Saywell (pro hac vice), Jones Day, Cleveland, Ohio (for appellant)

Randi J. Winter, Ariel K. Lierz, Luke J. Wolf, Matthew E. Cavanaugh, Spencer Fane, LLP, Minneapolis, Minnesota; and

Jessica J. Nelson, Mesabi Metallics Company, LLC, Minneapolis, Minnesota (for respondents)

Considered and decided by Bentley, Presiding Judge; Wheelock, Judge; and Larson, Judge.

NONPRECEDENTIAL OPINION

LARSON, Judge

This case arises from a dispute between appellant Cleveland-Cliffs Minnesota Land Development LLC (Cliffs) and respondents Mesabi Land 1 LLC and Mesabi Metallics Company LLC (collectively, Mesabi) over a 50-year mineral lease agreement (the lease). Following Mesabi's written notice to terminate the lease, the district court compelled arbitration at Cliffs' request. The arbitrators dismissed the arbitration proceeding on the ground that Cliffs made an untimely demand for arbitration and, in reaching that decision, concluded Mesabi properly terminated the lease. The parties filed competing motions in district court regarding the arbitration award. The district court granted Mesabi's motion to confirm the arbitration award and denied Cliffs' motion to vacate the arbitration award. On appeal, Cliffs raises numerous legal arguments to contest the district court's decision. We conclude the district court appropriately granted the motion to confirm the arbitration award, and we therefore affirm.

FACTS

Cliffs originally signed the lease with Glacier Park Iron Ore Properties LLC (Glacier Park) in 2017, to lease eight parcels of land in Itasca County (the property) through December 31, 2068. Cliffs entered the lease to construct a taconite mine on the property. Later, Mesabi—Cliffs' direct competitor in the taconite mining industry—purchased the property from Glacier Park. In 2021, Mesabi received an assignment of Glacier Park's interests in the lease and became Cliffs' landlord.

In early August 2023, tensions between Mesabi and Cliffs escalated, and Cliffs prevented Mesabi from entering the property. Then, on August 7, 2023, Mesabi sent Cliffs a notice informing Cliffs of two alleged defaults under the lease. First, Mesabi stated that Cliffs had failed to provide Mesabi with required mine plans under sections 9.05 and 9.06 of the lease.[1] Second, Mesabi asserted that Cliffs' actions to prevent Mesabi from entering the property violated section 11 of the lease.[2] On August 11, 2023, Cliffs filed a complaint in district court alleging several tort claims against Mesabi.[3]

After receiving the notice, the parties communicated regarding the alleged defaults and other contractual obligations. In the midst of these conversations, on October 9, 2023,

---

[1] Section 9.05 provides: "Lessee shall provide Lessor, on a monthly basis, with 30-60-90 day mine plans (or any other short-term mine plan prepared and utilized by Lessee) for the [property]." Section 9.06 states: "On or before December 1 of each calendar year, Lessee shall provide Lessor with an annual mine plan for the [property], said plan to detail Lessee's forecast of planned activity upon the [property] in the forthcoming calendar year."

[2] Section 11 provides:

> Lessor, its agents and employees, shall have the right and privilege at all reasonable times to enter into and upon the [property] for the purpose of inspecting the [property] and taking all reasonable means (at Lessor's sole cost and expense) to ascertain the condition thereof of the kind, quality, and quantities of the Taconite Ore, Exempted Taconite Ore, Taconite Waste and Overburden remaining therein or mined and removed therefrom, and to enter upon any other lands upon which any Waste Rock or Overburden mined from the [property] are stockpiled, not thereby unreasonably or unnecessarily hindering or interrupting any of the operations of Lessee; and for said purposes Lessor, its agents and employees, may enter the [property] through any adjoining or adjacent lands through which Lessee has the right to remove such Taconite Ore and Taconite Waste.

[3] The tort claims are not before us on appeal.

Mesabi sent Cliffs a notice of termination, citing section 19.01 of the lease.[4] According to Mesabi, Cliffs' alleged default under the lease continued for over 60 days since the August 7, 2023 letter and, accordingly, Mesabi had the right to terminate the lease. That same day, Cliffs served Mesabi with a written notice demanding arbitration under sections 16.01[5] and 19.02[6] of the lease.

---

[4] Section 19.01 states, in relevant part:

> [I]f Lessee fails to keep, observe and perform any of the other covenants, agreements and conditions in [the lease] expressed to be kept and performed by Lessee, and . . . if such other non-monetary default continues for sixty (60) days, in either case after receipt by Lessee of written notice from Lessor specifying the default complained of, then unless the subject matter of the alleged default is referred to arbitration as herein provide, Lessor shall have the right, at its election, at any time thereafter while such default continues, to declare [the lease] terminated and the rights and privileges of Lessee hereunder and thereunder forfeited and terminated . . . .

[5] Section 16.01 states, in relevant part:

> In the event that any disagreement or controversy arises between Lessor and Lessee . . . as to any fact relative to the observance or fulfillment of the terms and obligations hereof by either party, or as to any other matter herein specifically stated to be the subject of arbitration, then either party may demand that such disagreement or controversy shall be determined by final and binding arbitration in the manner hereinafter provided.

[6] Section 19.02 states, in relevant part:

> Notwithstanding [section 19.01], if Lessee denies the default alleged by Lessor and demands arbitration in the manner herein provided, the period required for hearing and determination of such matter by the arbitrators shall not be deemed a part of said sixty (60) days hereinabove referred to; and if the contention of Lessor is sustained by the arbitrators, Lessee shall have thirty (30) days after the filing of the decision of the arbitrators in which to correct the default so found . . . .

Cliffs then filed a motion in district court to compel arbitration. Mesabi filed a cross-motion to stay arbitration. The district court granted Cliffs' motion to compel arbitration on four issues: (1) whether Mesabi wrongfully terminated the lease; (2) whether Cliffs breached sections 9.01 and 9.02 of the lease; (3) whether Cliffs breached section 11 of the lease; and (4) whether Mesabi breached the lease before Cliffs breached the lease.

Mesabi and Cliffs appointed three arbitrators. Mesabi then moved to dismiss the demand for arbitration on the ground that Cliffs did not timely demand arbitration within the 60 days provided for in sections 19.01 and 19.02 of the lease. A majority of the arbitration panel agreed,[7] concluding Mesabi satisfied the prerequisites to terminate the lease under sections 19.01 and 19.02, namely: (1) Mesabi delivered written notice to Cliffs on August 7, 2023, specifying the alleged defaults; (2) the specified alleged defaults continued for 60 days; (3) Cliffs did not demand arbitration during the 60-day time period; and (4) on October 9, 2023, while the alleged defaults continued, Cliffs received the notice of termination. Accordingly, a majority of the arbitrators agreed to dismiss the demand for arbitration.

Mesabi then filed a motion in district court to confirm the arbitration award. Cliffs filed a cross-motion to vacate the arbitration award. After hearing the parties' competing motions, the district court issued its order granting Mesabi's motion to confirm the award and denying Cliffs' motion to vacate the award. As relevant here, the district court determined: (1) the Federal Arbitration Act (FAA), 9 U.S.C. §§ 1-16 (2018), rather than

[7] One arbitrator issued a dissent, concluding that Mesabi needed to prove actual default before terminating the lease.

the Minnesota Uniform Arbitration Act (MUAA), Minn. Stat. §§ 572B.01-.31 (2024), likely applied to the arbitration provisions in the lease[8] and (2) the arbitrators did not exceed their authority when they dismissed the demand for arbitration.

Cliffs appeals.

DECISION

Cliffs appeals the district court's decision to deny the motion to vacate and grant the motion to confirm the arbitration award. We review a district court's legal decisions de novo, including whether the arbitrators exceeded their authority, and its factual findings for clear error. *Seagate Tech., LLC v. W. Digit. Corp.*, 854 N.W.2d 750, 757-58 (Minn. 2014). Broadly, Cliffs argues (1) the MUAA rather than the FAA applies to the arbitration provisions in the lease, and (2) the arbitrators exceeded their authority. We begin by summarizing the FAA and MUAA, and those provisions that relate to this appeal. We then analyze Cliffs' arguments in turn.

I.

"Federal and Minnesota law favor arbitration as an alternative to litigation." *Churchill Env't & Indus. Equity Partners, L.P. v. Ernst & Young, L.L.P.*, 643 N.W.2d 333, 336 (Minn. App. 2002). Under both the FAA and MUAA, courts must stay "proceedings and compel arbitration of claims subject to arbitration under a valid agreement." *Id.*; *see also* 9 U.S.C. § 3 (2018); Minn. Stat. § 572B.07(a) (2024).

[8] The district court also determined that, even if the MUAA applied, it would reach the same legal conclusions.

Under the FAA, an arbitration agreement in a contract involving interstate commerce is "valid, irrevocable, and enforceable." *Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 582 (2008). One can seek enforcement of such a provision in either state or federal court. *Id.* Under the FAA, a district court can confirm, vacate, or modify an award. *See* 9 U.S.C. §§ 9-11 (2018). But a district court "must" confirm an arbitration award "unless" the statutory provisions to vacate or modify apply. *Id.* § 9. The Supreme Court has interpreted this language to mean the provisions to vacate or modify are the "exclusive regimes for [district court] review." *Hall St.*, 552 U.S. at 590. A district court can vacate an arbitration award in the following circumstances:

> [1] the award was procured by corruption, fraud, or undue means; . . .
> [2] there was evident partiality or corruption in the arbitrators, or either of them; . . .
> [3] the arbitrators were guilty of misconduct . . . ; or . . .
> [4] the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.

9 U.S.C. § 10(a).[9]

The FAA "does [not] reflect a congressional intent to occupy the entire field of arbitration." *Volt Info. Scis., Inc. v. Bd. of Trs. of Stan. Univ.*, 489 U.S. 468, 469 (1989). The MUAA applies to Minnesota arbitration agreements entered on or after August 1, 2011. *See* Minn. Stat. § 572B.03 (2024). The MUAA contains analogous provisions to the FAA provisions noted above. *See* Minn. Stat. §§ 572B.06 (stating arbitration

[9] Cliffs did not move to modify the award under 9 U.S.C. § 11. Therefore, we do not quote the statute here.

agreements "are valid, enforceable, and irrevocable except upon a ground that exists at law or in equity for the revocation of contract"); .22 ("[T]he court shall issue such an order unless the award is modified or corrected . . . or is vacated."); .23 ("[T]he court shall vacate an award if . . . an arbitrator exceeded the arbitrator's powers.").

II.

Cliffs first argues the MUAA, rather than the FAA, applies to the arbitration provisions in the lease. We are not persuaded.

Minnesota courts must apply the FAA to transactions affecting interstate commerce. *Onvoy, Inc. v. SHAL, LLC*, 669 N.W.2d 344, 351 (Minn. 2003). A transaction affects interstate commerce "whether or not the parties anticipated an interstate impact." *Id.*

Here, the district court determined the lease likely affected interstate commerce relying on the following facts: (1) Mesabi and Cliffs are both Delaware entities owning land in Minnesota; (2) the Ohio branch of Cliffs was directed to make payments to Mesabi in Minnesota under the lease; and (3) the lease granted Cliffs the right to explore and mine taconite, which could be sold across state lines. We conclude the district court's findings are well supported by the record. And those findings support the legal conclusion that the lease affects interstate commerce requiring the FAA's application. *See, e.g.*, *RPJ Energy Fund Mgmt., Inc. v. Collins*, 552 F. Supp. 946, 949 (D. Minn. 1982) (determining FAA applied where a contract involved Minnesota corporation buying Kentucky land from Kentucky resident).

Cliffs does not appear to contest that the lease affects interstate commerce. Instead, Cliffs asserts that the Minnesota choice-of-law provision in the lease means the parties intended that the MUAA would apply.[10] We disagree. In *Onvoy*, the supreme court held the FAA applies to a contract affecting interstate commerce unless the contracting parties make "abundantly clear" that they intend to preclude the FAA's application. 669 N.W.2d at 352 n.5 (quoting *UHC Mgmt. Co. v. Comput. Scis. Corp.*, 148 F.3d 992, 997 (8th Cir. 1998)). Then, applying that principle, the supreme court concluded the FAA applied to an arbitration provision despite the contract including a Minnesota choice-of-law provision. *Id.* Because the supreme court has held that the inclusion of the Minnesota choice-of-law provision is not sufficient to make "abundantly clear" that the parties intend the MUAA to apply, we conclude the FAA applies to the lease.[11]

III.

Cliffs argues the district court nonetheless erred when it denied the motion to vacate the award. According to Cliffs, the arbitrators exceeded their authority, which is a basis to

[10] Cliffs argues Mesabi forfeited the FAA's application when it cited the MUAA in earlier proceedings. We are not persuaded. The record demonstrates that the district court assumed without deciding that the MUAA applied at an earlier stage in the proceeding. And the MUAA provisions the district court applied earlier in the proceeding did not present any conflict with the FAA. *See Volt Info. Scis.*, 489 U.S. at 477 (noting the FAA only preempts state arbitration law "to the extent that it stands as an obstacle").

[11] Our conclusion that the FAA applies to the lease forecloses Cliffs' argument regarding the enforceability of the portion of section 16.02 in the lease that provides: "questions of law shall be appealable to a court of competent jurisdiction." In *Hall Street*, the Supreme Court reviewed a contract with similar language. 552 U.S. at 579. The Supreme Court concluded that the statutory provisions to vacate or modify an arbitration award in the FAA provide the *exclusive* means for district court review. *Id.* at 586. Accordingly, the contract term that allowed the district court to review the arbitrator's legal conclusions was unenforceable. *Id.* at 592. Applying *Hall Street*, the portion of section 16.02 allowing the district court to review the arbitrators' legal conclusions is unenforceable because it attempts to vary the grounds for vacating or modifying an arbitration award under the FAA.

vacate an arbitration award under the FAA. *See* 9 U.S.C. § 10(a)(4). "When assessing a party's challenge to an arbitrator's authority, we exercise every reasonable presumption in favor of an arbitration award's finality and validity." *Hennepin Healthcare Sys., Inc. v. AFSCME Minnesota Council 5, Union*, 990 N.W.2d 454, 459 (Minn. 2023) (applying federal standard to an MUAA arbitration agreement). Considering this deference, we have a very limited scope of review. *Id.*

When reviewing the merits of a dispute, the arbitrators are the final judge of both law and fact. *Seagate Tech.*, 834 N.W.2d at 564. Where a party challenges a decision on the merits, a court cannot reconsider the merits of an award, and the award cannot be vacated if it "draws its essence from the contract and does not simply reflect the arbitrator's own notions of industrial justice." *United Paperworkers Int'l. Union, AFL-CIO v. Misco, Inc.*, 484 U.S. 29, 30 (1987). The "essence test" is grounded in the principle that courts play a "limited role" when reviewing arbitration awards, and that role does not include "reconsider[ing] the merits of an award even though the parties may allege that the award rests . . . on [a] misinterpretation of the contract." *Id.* at 36.

Here, Cliffs argues the arbitrators exceeded their authority when they granted the motion to dismiss the demand for arbitration because the arbitrators never found Cliffs' actions constituted default under the lease. Cliffs maintains that, to date, no court or arbitrator has actually found that Cliffs defaulted. Consequently, according to Cliffs, the arbitrators exceeded their authority because they dismissed the arbitration without deciding a threshold issue.

We conclude the arbitrators did not exceed their authority because the arbitrators' conclusion—that Mesabi could terminate the lease—was derived from the essence of the lease. Specifically, the district court granted Cliffs' motion to compel arbitration to determine whether Mesabi wrongfully terminated the lease. The arbitrators then analyzed, interpreted, and applied sections 16 and 19 in the lease to reach their decision that Cliffs did not make a timely demand for arbitration and, accordingly, Mesabi was allowed to terminate the lease. Therefore, even if we disagreed with the arbitrators' interpretation and application of these lease terms, the arbitrators did not exceed their authority in reaching their decision.

Accordingly, we conclude the district court did not err when it denied the motion to vacate and granted the motion to confirm the arbitration award. We note, however, that at oral argument Cliffs asserted that, because the lease's arbitration clause is not mandatory and the arbitrators dismissed the proceedings, claims remain under the lease that survive the arbitrators' decision. Because that issue does not bear on whether the award should be confirmed, we take no position.

Affirmed.