



Council Agenda Item 25-0580R

MEETING DATE: July 21, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING A SECOND AMENDMENT TO AN AGREEMENT WITH UNITED STATES STEEL CORPORATION FOR A LICENSE TO USE CERTAIN REAL PROPERTY BETWEEN MORGAN PARK AND GARY-NEW DULUTH FOR RECREATIONAL PURPOSES, AT NO COST TO THE CITY.

SUBMITTED BY: Danielle Erjavec, Senior Property Services Specialist

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTIONS: Resolution No. 24-0488 approved the original license agreement; Resolution No. 24-1001 approved the first amendment to the original license agreement.

BACKGROUND: This resolution authorizes the city to enter into a second amendment to an agreement with United States Steel Corporation ("USS") for a license to use certain real property near and adjacent to the old USS plant site in the Morgan Park and Gary-New Duluth neighborhoods for recreational purposes, at no cost to the City. The specific areas authorized under the license agreement are depicted on the map attached as Exhibit 2.

The City entered into a non-binding Letter of Intent with U.S. Steel on August 19, 2020, setting forth several goals for remediation of the former USS plant site, which included development by USS of trails and other recreational amenities (the "Recreational Amenities") and an eventual transfer of certain real estate to the City. The Recreational Amenities have now been constructed and have been opened for public use under a license agreement, as amended by a first amendment, with a term expiring on August 1, 2025. USS is willing to grant an extension of the license to allow for the continued use of the Recreational Amenities until the City acquires ownership of the property.

The parties intended to close on the transaction in 2024; however, due to several complexities, the closing will now not occur until 2025 or 2026. The parties are still negotiating the terms of the transaction and there should be a purchase agreement presented to the city council for consideration in the near future. This second amendment extends the term of the original agreement until the earlier of: (a) 11:59 PM on August 1, 2026, or (b) the date upon which title to US Steel's property is transferred to the City.

In exchange for allowing public use of the Recreational Amenities in advance of the transaction, the City is required to indemnify USS against all claims and losses relating to use of the Recreational Amenities.

BUDGET/FISCAL IMPACT: No fiscal impact

OPTIONS: Approve resolution or the Recreational Amenities will not be available for public use

NECESSARY ACTION: Authorize the second amendment to the license agreement

ATTACHMENTS: Exhibit 1, Second Amendment to License Agreement; Exhibit 2, Map