

MESABI TRUST
Form 10-K
April 15, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-4488

MESABI TRUST

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

13-602277
(I.R.S. Employer
Identification No.)

**c/o Deutsche Bank Trust Company Americas
Trust & Agency Services**

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60 Wall Street
16th Floor
New York, New York
(Address of principal executive offices)

10005
(Zip Code)

(904) 271-2520

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Units of Beneficial Interest in Mesabi Trust	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. No Yes

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. No Yes

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a smaller reporting company.)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). No Yes

As of July 31, 2014, the aggregate market value of the Units of Beneficial Interest in the registrant held by non-affiliates of the registrant was \$243,333,174* based on the closing sale price as reported on the New York Stock Exchange. As of April 13, 2015, there were 13,120,010 Units of Beneficial Interest in Mesabi Trust outstanding.

*Includes approximately \$185,800 representing the market value, as of July 31, 2014, of 10,000 Units of Beneficial Interest the beneficial ownership of which is disclaimed by affiliates (see Item 12 herein).

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Annual Report of the Trustees for the Fiscal Year Ended January 31, 2015 (Annual Report)	Parts I, II, and IV

PART I

ITEM 1. BUSINESS.

(a) **General Development of Business.**

The information under the headings Trustees Discussion and Analysis of Financial Condition and Results of Operations, The Trust Estate, Leasehold Royalties, and Land Trust and Fee Royalties beginning on pages 14, 23, 30 and 33, respectively, of the Annual Report of the Trustees of Mesabi Trust for the fiscal year ended January 31, 2015 (the Annual Report) is incorporated herein by reference.

(b) **Financial Information About Segments.**

Substantially all of the revenue, operating profits and assets of Mesabi Trust (Mesabi Trust or the Trust) relate to one business segment iron ore mining. The information under the heading Selected Financial Data set forth on page 13 of the Annual Report is incorporated herein by reference.

(c) **Narrative Description of Business.**

The information under the headings Overview, Trustees Discussion and Analysis of Financial Condition and Results of Operations, The Trust Estate, and Leasehold Royalties beginning on pages 2, 14, 23 and 30, respectively, of the Annual Report is incorporated herein by reference.

(d) **Financial Information About Geographical Areas.**

All of the Trust s revenues are derived from the assets of the Trust, information of which is set forth under the heading The Trust Estate beginning on page 23 of the Annual Report. The information under the heading Selected Financial Data set forth on page 13 of the Annual Report is incorporated herein by reference.

(e) **Availability of Reports on Registrant s Website.**

The information on the cover page of the Annual Report, set forth on page 1 thereof, is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

The information under the heading Risk Factors set forth on pages 3 through 11 of the Annual Report is incorporated herein by reference.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The information under the heading The Trust Estate beginning on page 23 of the Annual Report is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The information under the headings "Unallocated Reserve" and "Certificates of Beneficial Interest" set forth on pages 34 and 35 of the Annual Report is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The information under the heading "Selected Financial Data" beginning on page 13 of the Annual Report is incorporated herein by reference.

ITEM 7. TRUSTEES' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information under the headings "Trustees' Discussion and Analysis of Financial Condition and Results of Operations," "Leasehold Royalties," "Trust Expenses," and "Unallocated Reserve" beginning on pages 14, 30, 33 and 34, respectively, of the Annual Report is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements, including the Independent Registered Public Accounting Firm's report thereon, filed as a part of this Form 10-K, are presented on pages F-3 through F-15 and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. The Trust maintains a system of disclosure controls and procedures designed to ensure that information required to be disclosed by the Trust in the reports

that it furnishes or files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission. Due to the pass-through nature of the Trust, the Trust's disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by Mesabi Trust is received from Cliffs Natural Resources Inc. (Cliffs) and its wholly-owned subsidiary, Northshore Mining Company (Northshore). In order to help ensure the accuracy and completeness of the information required to be disclosed in the Trust's periodic and current reports, the Trust employs certified public accountants, geological consultants, and attorneys. These professionals hired by the Trust advise the Trust in its review and compilation of the information in this Form 10-K and the other periodic reports filed by the Trust with the SEC

As part of their evaluation of Mesabi Trust's disclosure controls and procedures, the Trustees rely on quarterly shipment and royalty calculations provided by Northshore and Cliffs. Because Northshore has declined to provide a written certification attesting to whether Northshore has established disclosure controls and procedures and internal controls sufficient to enable it to verify that the information furnished to the Trustees is accurate and complete, the Trustees also rely on (a) an annual certification from Northshore and Cliffs, certifying as to the accuracy of the royalty calculations, and (b) the related due diligence review performed by the Trust's accountants. In addition, Mesabi Trust's consultants review the schedule of leasehold royalties payable, and shipping and sales reports provided by Northshore against production and shipment reports prepared by Eveleth Fee Office, Inc., an independent consultant to Mesabi Trust (Eveleth Fee Office). Eveleth Fee Office performs inspections of the Northshore mine and its pelletizing operations, observes production and shipping activities, gathers production and shipping information from Northshore and prepares monthly production and shipment reports for the Trustees. Furthermore, as part of its engagement by Mesabi Trust, Eveleth Fee Office also attends Northshore's calibration and testing of its crude ore scales and boat loader scales which are conducted on a periodic basis.

As of the end of the period covered by this report, the Trustees carried out an evaluation of Mesabi Trust's disclosure controls and procedures. The Trustees have concluded that such disclosure controls and procedures are effective.

Trustees' Report on Internal Control over Financial Reporting. The Trustees' Report on Internal Control over Financial Reporting is set forth on page F-2 of the Annual Report. The attestation report of the Trust's independent registered public accounting firm on its assessment of the Trust's internal control over financial reporting is set forth on pages F-3 and F-4 of the Annual Report.

Changes in Internal Control over Financial Reporting. To the knowledge of the Trustees, there has been no change in the Trust's internal control over financial reporting that occurred during the Trust's last fiscal quarter that has materially affected, or is likely to materially affect, the Trust's internal control over financial reporting. The Trustees note for purposes of clarification that they have no authority over, and make no statement concerning, the internal controls of Northshore or Cliffs.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The Agreement of Trust dated July 18, 1961 (the Agreement of Trust) provides for a Corporate Trustee and four individual Trustees (collectively, the Trustees). The Trust does not have, nor does the Agreement of Trust provide for officers, a board of directors or any committees. Generally, the Trustees continue in office until their resignation or removal. Any Trustee may be removed at any time, with or without cause, by the holders of two-thirds in interest of the Certificates of Beneficial Interest in the Trust (the Trust Certificates) then outstanding. In the case of an individual Trustee, a successor is appointed if the individual Trustee dies, becomes incapable of acting or is adjudged bankrupt or insolvent. In the case of the Corporate Trustee, a successor is appointed if a receiver of the Corporate Trustee or of its property is appointed, or if any public officer takes charge or control of the Corporate Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. Successor Trustees can only be appointed by the holders of a majority in interest of the Trust Certificates then outstanding. Because such appointments are not made on a regular or periodic basis, the Trust does not have a standing nominating committee or a policy in place for the recommendation and nomination of successor Trustees.

The Trust's activities are limited to collecting income, paying expenses and liabilities, distributing net income to the holders of Trust Certificates (the Unitholders) after the payment of, or provision for, such expenses and liabilities, and protecting and conserving the assets held. The Trustees have adopted a Code of Ethics that applies to the Trustees. A copy of the Code of Ethics is incorporated by reference in Exhibit 14 of this Form 10-K.

The Trust has not designated a separate audit committee comprised of independent committee members relying on an exemption provided by Rule 10A-3 of the Securities Exchange Act of 1934, as amended. As such, the Trustees have not designated an audit committee financial expert. The Trustees collectively perform the functions of an audit committee.

To carry out the Trustees' duties under the Agreement of Trust, the Trustees meet on a quarterly basis to discuss information and circumstances relevant to the Trust. The Trustees also conduct telephone conferences from time to time between the quarterly meetings to address developments that require more timely attention. The Trust held sixteen meetings either in person or via teleconference in fiscal 2015 and took action by unanimous written consent on one occasion. All of the Trustees were present at all meetings held in fiscal 2015.

In the third quarter of each year, the Trustees' meeting is typically conducted in connection with the Trustees' annual inspection trip in which they personally visit and tour Northshore's mining operations and plant facilities located near Babbitt and in Silver Bay, Minnesota, respectively. During the inspection trip, the Trustees meet with and interview Northshore personnel with respect to Northshore's current operations, changes in operations, mining plans, capital equipment and facilities.

Because Mesabi Trustees are appointed until they resign or are removed, at the time of nomination the

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Trustees believe that it is necessary for each Trustee to possess many qualities and skills. Set forth below are the present Trustees' principal occupations and directorships held with other public corporations during the past five years, or longer as material, their ages and the year each of the Trustees was first elected as a Trustee of the Trust.

Robert C. Berglund

Age: 68

Year Appointed and elected as Individual Trustee: 2009

Retired Mining Engineer, Cliffs Natural Resources, Inc.

Mr. Berglund has extensive experience in the mining industry. He retired from his position as Vice President and General Manager of Northshore Mining Company in 2003 after spending thirty-five years in mining production and operations management with Cliffs. Mr. Berglund joined Cliffs after graduating from Penn State University in 1968 with a B.S. in Mining Engineering. From 1968 until 2003, Mr. Berglund worked onsite at various mines owned and operated by Cliffs across North America.

James A. Ehrenberg

Age: 72

Year Appointed and elected as Individual Trustee: 2006

Retired Vice President, U.S. Bank, N.A.

Mr. Ehrenberg has extensive experience serving as corporate trustee. Before retiring from his position as Senior Vice President of U.S. Bank, N.A. Mr. Ehrenberg spent nearly forty years in the corporate trust department of U.S. Bank, N.A. and its predecessor, First Trust Company of Saint Paul. From 1983 until April 2005, Mr. Ehrenberg was directly responsible for providing corporate trustee services to the Mesabi Land Trust of which Mesabi Trust is the sole trust certificate holder.

Richard G. Lareau

Age: 86

Year Appointed and elected as Individual Trustee: 1990

Retired Senior Partner, Oppenheimer Wolff & Donnelly LLP

Mr. Lareau retired in 2014 as a senior partner in the law firm of Oppenheimer Wolff & Donnelly LLP with which firm he had been associated since 1956. Through his legal work, Mr. Lareau has represented numerous clients on a wide range of issues including, corporate, trust and real estate law. Over the course of his legal career, Mr. Lareau has also served as a director on the boards of numerous publicly-traded companies. During his service as a director on the boards of publicly-traded corporations, Mr. Lareau also served as a member, and frequently as chair, of board committees, including: audit, compensation, governance, nominating, and executive.

Michael P. Mlinar

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Age: 61

Year Appointed and elected as Individual Trustee: 2014

Retired Mining Engineer, Cliffs Natural Resources, Inc.

Mr. Mlinar, appointed and elected as a Mesabi Trustee in 2014, retired from his position as Vice President of NAIIO Initiatives at North American Iron Ore in 2013 after spending thirty-six years in mining production and operations management with Cliffs. Mr. Mlinar joined Cliffs in 1977 after graduating from Michigan Technological University in 1976 with a B.S. in Mining Engineering and then working as a research engineer at Continental Oil Company's Coal Field Research Center. From 1977 to 2003, Mr. Mlinar worked as an engineer at Tilden & Empire Mines, eventually becoming a General Manager there. After 2003, he went on to become a General Manager at three different Cliffs subsidiaries: Hibbing Taconite & United Taconite, Northshore Mining, and then Integration Lead at Bloom Lake, eventually leaving in 2011 to become a Vice President at North American Iron Ore.

Mr. Mlinar started working in October 2014 as a part-time, salaried employee for Krech Ojard & Associates, Inc. (Krech), a private engineering consulting firm, which provides consulting services to its customers in diverse industries, including Cliffs and Northshore. Mr. Mlinar is not, and has never been, an owner, partner, officer or director of Krech. Mr. Mlinar's part-time employment included providing engineering consulting services through Krech for Cliffs, for which he received compensation that was not material.

The Trust believes that each of the individual Trustees has a diversified background and extensive financial, business and industry specific expertise that make him an important resource in the oversight of the Trust's affairs. There are no family relationships among any of the Individual Trustees.

ITEM 11. EXECUTIVE COMPENSATION.

Compensation Discussion and Analysis

The Trust does not have a board of directors, executive officers or any employees. The compensation paid to the Trustees is governed by the Amendment to the Agreement of Trust dated October 25, 1982, as amended (the Amendment). The Trust does not use any compensation consultants.

The Amendment does not provide for any stock awards, option awards, non-equity incentive plan compensation, change in pension value, nonqualified deferred compensation earnings or any other compensation. The Trust does not have severance agreements nor does it provide post-retirement benefits to the Trustees. Accordingly, all such tables have been omitted from the Annual Report on this Form 10-K.

Pursuant to the Amendment, each individual Trustee receives at least \$20,000 in annual compensation for services as Trustee. Each year, annual Trustee compensation is adjusted up or down (but not below \$20,000) in accordance with changes from the November 1981 level of 295.5 (the 1981 Escalation Level) in the All Commodities Producer Price Index (with 1967 = 100 as a base). The All Commodities Producer Price Index is published by the U.S. Department of Labor, Bureau of Labor Statistics. The adjustment is made at the end of each fiscal year and is calculated on the basis of the proportion between (a) the level of such index for the November preceding the end of such fiscal year, and (b) the 1981 Escalation Level. Any action to modify or otherwise vary the compensation of the individual Trustees as provided by the Amendment must be approved by the affirmative vote of 66 2/3% in interest of the Trust Certificates then outstanding. Each of the individual Trustees received total compensation of \$41,756 during fiscal 2015, except for Mr. Mlinar who was elected in June 2014 and received in total \$40,067 as compensation during fiscal 2015.

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Under the Amendment, the Corporate Trustee receives annual compensation in an amount equal to the greater of (i) \$20,000, or such other amount determined in accordance with the adjustments described in the preceding paragraph, or (ii) one quarter of one percent (1/4 of 1%) of the trust moneys, exclusive of proceeds of sale of any part of the Trust Estate (as such terms are defined in the Agreement of Trust), received by the Trustees and distributed to Unitholders.

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Additionally, each year the Corporate Trustee receives \$62,500 to cover clerical and administrative services to Mesabi Trust, other than services customarily performed by a registrar or transfer agent for which the Corporate Trustee is paid additional service fees. The Corporate Trustee earned \$120,556 in cash compensation for the fiscal year ended January 31, 2015, inclusive of the \$62,500 administrative fee. The Corporate Trustee also received \$9,603 for its services as registrar and transfer agent for the year ended January 31, 2015. Accordingly, the Corporate Trustee earned \$130,159 in total compensation for the fiscal year ended January 31, 2015.

Under the Amendment, the Individual Trustees may, in extraordinary circumstances, pay additional compensation to the Corporate Trustee. The decision to pay such compensation must be unanimously approved by the Individual Trustees. The Corporate Trustee did not receive any compensation for extraordinary services with respect to the year ended January 31, 2015.

Trustees Compensation Report

The Trustees have not designated a compensation committee and are not required to do so by applicable law or regulation. The Trustees, as a group, have reviewed and discussed the Compensation Discussion and Analysis (CD&A) and based on such review and discussion have recommended that the CD&A be included in this Annual Report on Form 10-K.

MESABI TRUST

Deutsche Bank Trust Company Americas
Robert C. Berglund
James A. Ehrenberg
Richard G. Lareau
Michael P. Mlinar

Trustee Compensation**Summary Compensation Table**

The table below summarizes the total compensation earned by each of the Individual Trustees and the Corporate Trustee in the fiscal year ended January 31, 2015.

Name	Trustee Fees Earned (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Deutsche Bank Trust Company Americas, Corporate Trustee	\$ 120,556	N/A	N/A	N/A	N/A	9,603(1)	\$ 130,159
Robert C. Berglund	\$ 41,756	N/A	N/A	N/A	N/A	N/A	\$ 41,756
James A. Ehrenberg	\$ 41,756	N/A	N/A	N/A	N/A	N/A	\$ 41,756
Richard G. Lareau	\$ 41,756	N/A	N/A	N/A	N/A	N/A	\$ 41,756
Michael P. Mlinar	\$ 40,067	N/A	N/A	N/A	N/A		