

CITY COUNCIL

6:00 P.M.

Monday, March 2 2026

Present:

Mayor Wade LeBlanc
 Richard DeRosier
 Shane Hoff
 Ben Bautch
 James FitzGerald

Lana Fralich, City Administrator
 Tim Costley, City Attorney
 Josh Stier, City Engineer, Bolton & Menk
 Rick Evans, Northshore Journal via ZOOM
 Kitty Mayo, Lake County Press via ZOOM
 Steve VanHouse
 Mary Hoffman
 Gary Thompson
 Patti Paulson
 No name given, "Justtesting" via ZOOM

Ray Parker
 Alice Tibbetts
 Vicki Hoff
 Gregory Lien

Mayor LeBlanc called the meeting to order at 6:00 p.m.

Public Comment Period –

Ray Parker expressed concern regarding parking lots being plowed in the city before some of the streets during the last snow storm.

Patti Paulson expressed concern regarding the previous EDA meeting and their handling of the loan amendment request by SophiaLee, Inc.

Mayor LeBlanc stated he recently attended Legislative Session Priority dinner and met with local legislature representatives. Mayor LeBlanc also attended the Scenic Byway meeting and asked if any council member is interested in representing the city at the quarterly meetings. Mayor LeBlanc also expressed thank you to the organizers of the Snow Day in the Bay event held February 28th.

Agenda – Motion by Bautch, second DeRosier to approve the Agenda as presented. **MOTION CARRIED.**

Consent Agenda –

February 17, 2026 Regular Meeting Minutes

Exchange Day Advertisement-

The city has set May 16th, June 13th, August 15th, and September 12th, 2026 as Exchange Days.

Neighborhood Revitalization Grant Advertisement-

The reimbursement of up to \$500 grant program will begin accepting applications at 8:00am on May 1, 2026.

MN Dept. of Health Turbidity Monitoring Notice of Violation-

The City has been advised by the MN Department of Health that the City did not meet its monitoring requirement in March 2025 and requires the city to place a Notice of Violation-Failure to Comply with Turbidity Monitory Requirements in the paper. The city has not changed the way they have monitored for turbidity in all the past years, but recent staffing changes with MDH resulted in a different viewpoint for compliance. The issue is that the old filters do not have automated data reporting which requires to be monitored every 4 hours, and staff does not work 24hrs. The new water treatment project will address this and will have data monitoring included. Per the letter from MDH, the notice requires specific language to be published on the safety of the water from March 2025 for the failure to monitor; however, it should be noted at no time MDH required the city to shut down the water, issue a boil order, or any other requirement due to the safety of the water. Public notice is required within one year of violation and PUC recommends publishing in the March 6th Northshore Journal.

Declare 18 Mueller Hydrants as Surplus- -

Some defects have been found during installation of the 50 Mueller hydrants purchased by the city from DSG in 2025. Mueller and DSG representatives have inspected remaining uninstalled hydrants and determined 18 hydrants pass inspection, 24 hydrants have been sent back to company for warranty repairs. PUC is recommending declaring the 18 Mueller hydrants as surplus and place on MinBid to recoup expense, and when the remaining 24 come back placing them on the Minbid to recoup costs. PUC is also recommending purchasing Waterous hydrants, which match the majority of hydrants in our city.

Capitol Days- March 17th-19th, 2026-

Capital Days will be held March 17-19. Mayor LeBlanc, Councilor Bautch and City Administrator Fralich plan to attend. Costs relating to the March 17th legislative dinner, March 18th breakfast at hotel, lunch at Capital, taxi expenses, March 19th legislative breakfast, hotels, parking expenses, and city portion of vendor booth will be paid to Lake County Chamber.

Motion by DeRosier, second Bautch to approve the consent agenda items. MOTION CARRIED.

City Administrator –**Resolution 2026-#21 IRRRB Grant Agreement for Phase 1 Citywide Street & Utility- \$3,000,000 FY 26-**

Motion by Hoff, second FitzGerald to adopt Resolution 2026-#21IRRRB Grant Agreement for Phase 1 Citywide Street & Utility- \$3,000,000 FY26. MOTION CARRIED.

Mayor LeBlanc – Aye
Member Bautch – Aye
Member Hoff – Aye

Member FitzGerald – Aye
Member DeRosier – Aye

RESOLUTION 2026 - 21 WAS ADOPTED: 5 aye, 0 nay, 0 excused

Resolution 2026-#22 Bolton & Menk Professional Services for Mary Mac Planning--

Council reviewed a proposal submitted by Bolton & Menk to develop a conceptual plan and cost estimate for a potential new building to compare as an alternative to investment into the existing building. The cost of the proposal is \$13,000. Discussion followed regarding the prior Mary Mac Committee meeting, the importance of the businesses to the community, concern for timing of repairs needed versus obtaining funding to make the repairs, potential proposal to acquire the building, and

waiting for feedback from March 17-19th Capital Days to indicate any potential for funding from the State. Member DeRosier commented that the city is not in a position to put millions of dollars in repairs to the existing building. Consensus of Council is to table Resolution 2026-#22 Bolton & Menk Professional Services for Mary Mac Planning until April 6, 2026 City Council meeting.

RESOLUTION 2026 - 22 WAS TABLED

City Attorney – Nothing at this time.

OLD BUSINESS – None at this time.

NEW BUSINESS –

SophiaLee, LLC Request to Amend COVID-19 Taconite Community Relief Loan Agreement-

Alice Tibbetts presented information on the North Shore Adventure Park property, land ownership differences, business operations, marketing efforts and trends, history of clean up on the property, investments made to the properties, and an overview of the loan. She explained that due to decreased tourism to the area along with decreased availability of employees, she was unable to meet the 6,000 annual working hours condition on the park's loan, which was based on what she provided for current hours during COVID19, and has requested this condition be amended to 2,500 annual hours for 2025 and 2026 to meet her current business trends to still receive forgiveness of the last 25% of the original \$62,500 loan, which matures in November 2026. If the park loses its eligibility for the forgiveness, the business would need to make a final payment totaling \$15,638.02 in November 2026. Tibbetts commented that even though she didn't need the loan, she accepted the loan to help the city so the city didn't lose out on the IRRRB funds. City Administrator Fralich explained to the Council that the original loan was funded by a \$50,000 IRRRB grant plus \$12,500 in City EDA matching funds, that all loan proceeds plus interest would be retained by the City and not required to be repaid to IRRRB, that the loan was intended to maintain businesses and employment in the city, that the loan was offered to Silver Bay businesses but only SophiaLee, LLC. applied. Discussion continued regarding a summary of the EDA meeting that resulted in no recommendation provided, monthly payments have been made, conditions were met for the first three years, the City has been reimbursed their \$12,500 portion, and that IRRRB indicated to the City that there would be no recourse by IRRRB if the City modified the agreement. Extensive discussion by members of the public, Councilors, and Tibbetts followed with concerns of setting a precedent for future businesses not having to fully honor their loans, terms of the loan and what the loan was to be used for, investments made by SophiaLee, LLC., property currently marketed for sale, concern for future city projects where the forgivable portion of the funds could be used for if conditions were not met such as the golf course housing project, that the city has helped with development of the North Shore Adventure Park through land sale, low interest loans, and grant fiscal agent. Discussion followed to clarify if this was a loan or a pass through from IRRR. City Attorney Costley advised there is a mortgage and signed note on the property so in the event of nonpayment those funds would be recovered upon sale of property. Mayor LeBlanc called for a motion to amend the loan, no motion was made, therefore an amendment to the loan agreement was not granted. Tibbetts was advised that any further request for modification to loan payments would need to be submitted for consideration prior to the loan maturity date.

Claims –

Motion by Hoff, second Bautch to approve payment of \$134,478.67 in unpaid claims and \$251,356.80 in paid claims. **MOTION CARRIED.**

Mayor LeBlanc – Aye
Member Bautch – Aye

Member FitzGerald - Aye
Member DeRosier – Aye

Member Hoff – Aye

Motion by Hoff, second Bautch to adjourn at 7:01 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson

Attest:

Wade Leblanc, Mayor

Lana Fralich, City Administrator