

## ECONOMIC DEVELOPMENT AUTHORITY

2:00 P.M.

Wednesday, February 4, 2026

Present: Nelson French via ZOOM  
Katelyn Goutermont  
Richard DeRosier  
Shane Hoff  
Steve VanHouse  
Donny Thompson via ZOOM

Absent: Beth Smuk

Lana Fralich, City Administrator  
Tim Costley, City Attorney  
Matt Johnson, Lake County HRA, via Zoom  
Alice Tibbetts, North Shore Adventure Park  
Patty Paulson

French called the meeting to order at 2:04 p.m.

**Agenda** – Motion by VanHouse, second by Hoff to approve the agenda as presented. **MOTION CARRIED.**

**Minutes** – Motion by VanHouse, second DeRosier to approve the minutes of the January 7, 2026 regular meeting and January 14, 2026 Special Joint meeting. **MOTION CARRIED.**

### **COMMUNICATIONS-**

**Public Comment** – None

**Economic Development Director-** Fralich presented some options to the board for filling the vacant Economic Development Director position. One option that she presented was using Matthew Johnson of the Lake County HRA. Johnson engaged in discussion with members of the board regarding the role he would play in working with the EDA and that the Lake County HRA is already working with other communities on economic development projects, such as the waterfront project in Two Harbors. Johnson clarified the partnership would be with him and the entire Lake County HRA, that he would attend the Silver Bay EDA meetings and be the lead person for economic development projects, and that there would be no cost to the city for these services. Motion by VanHouse, second by Hoff to recommend to council that Matthew Johnson and the Lake County HRA be used to fill the Economic Development Director role for the City. **MOTION CARRIED.**

### **OLD BUSINESS –**

**Golf Course Residential Development Project** – French updated that Drown is working with contractors to value engineer the project and no new information was available. This was tabled for next meeting

### **NEW BUSINESS-**

**Billboard Lease-** Fralich informed the board that the existing lease of the billboard near Black Beach Campground has expired. She has not been officially informed of the current renter's intent to renew or not. This was tabled to the next meeting.

**North Shore Adventure Park Taconite Loan Request-** Tibbetts presented information and explained to the board that due to decreased tourism to the area along with decreased availability of employees, she was unable to meet the requirement for the 6,000 annual working hours condition on the park's loan and has requested this amount be amended to meet current trends in order 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 without her accepting the loan from the city, the city would not have been able to retain funds from the grant. Fralich explained to the board that the original loan was primarily funded by the \$50,000 IRRRB grant plus the \$12,500 in City EDA funds, that all the loan proceeds plus interest would be retained by the City and not required to be repaid to IRRRB, that the city offered the loan funds to businesses but only Sophia Lee applied, that the business has met the conditions, per the EDA Director the past four years, that the City has recovered its reimbursement of their \$12,500 portion, that IRRRB has indicated they were fine if the City modified the agreement with the business. Extensive discussion followed, with members VanHouse and Thompson expressing their skepticism of tourism in the area being down and concerns of setting a precedent for future businesses not having to fully honor their loan agreements. Member DeRosier noted that the financial outcome for the city for modifying the terms of the loan at this time would be same as if the park was able to meet the 6,000 annual working hours condition for the duration of the loan. Tibbetts responded to the concerns of the board that she was basing her assertion of tourism being down in the area on information provided by the federal government. She also mentioned that the economic realities and availability of employees made it virtually impossible for the park to meet the 6,000 annual working hours condition, which were established during COVID years at a time a high volume of tourism were recreating in the area.

Motion by DeRosier, second by Goutermont to waive the annual working hours requirement.

By the recommendation of Costley, Chair French conducted a roll call vote:

DeRosier: Aye	VanHouse: Nay
Goutermont: Aye	Thompson: Nay
French: Aye	Hoff: Nay

One member absent. MOTION FAILED

Costley noted that the issue can still proceed to city council, it will just not carry a recommendation from the EDA board.

Motion by VanHouse, second by Hoff to adjourn at 2:55 p.m. MOTION CARRIED.

Minutes taken by Jeff Hoffman