



MINUTES

Council Meeting

6:00 PM - Monday, August 10, 2026
City Hall, 8 Summit Drive, Blackduck MN

The Council of the City of Blackduck was called to order on Monday, August 10, 2026, at 6:00 PM, in the City Hall, 8 Summit Drive, Blackduck MN, with the following members present:

COUNCILORS PRESENT: Mayor Maxwell Gullette, Councilor Nicholas Seitz, Councilor Laurie Hamilton, and Council member Ronald Fredrickson

COUNCILORS EXCUSED:

STAFF PRESENT: City Administrator Christina Regas and Assistant Liquor Store Manager Melissa Gullette

OTHERS PRESENT: Troy Gabler and Siona Kelly of CLA, Joe Pewala of Widseth, Emily Fairchild of Boys and Girls Club of Blackduck, Sean Moran of HRDC, and Mary & Gary Larsen of Larsen Creations LLC

1. CALL TO ORDER

- a. Roll Call
Regas took roll call of those present to the meeting.
- b. Pledge of Allegiance
Mayor Gullette led the meeting with the pledge of allegiance.

2. APPROVAL OF AGENDA

- a.

Laurie Hamilton moved to approve the agenda as presented Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

3. CONSENT AGENDA

All items listed under the Consent Agenda, unless removed from the Consent Agenda shall be approved by one Council motion.

- a. July 6, 2026 Blackduck City Council Meeting Minutes
- b. July 14, 2026 Revolving Loan Fund Committee Meeting Minutes
- c. July 15, 2026 Blackduck Planning Commission Meeting Minutes
- d. July 16, 2026 Kitchigami Regional Library Board Meeting packet including minutes

- from June 18, 2026
- e. July 21, 2026 Revolving Loan Fund Committee Meeting Minutes
 - f. July 21, 2026 Blackduck Personnel Committee Meeting Minutes
 - g. July 27, 2026 Blackduck City Council Work Session Meeting Minutes
 - h. July 2026 Fund Balance Report
 - i. July 2026 Bill Report
 - j. July 2026 Liquor Fund Vendor ACH payments - CashWise
 - k. July 2026 Sewer Income Statement
 - l. July 2026 Water Income Statement
 - m. July 2026 Pine Tree Park Income Statement
 - n. July 2026 Lakeview Cemetery Income Statement
 - o. July 2026 Golf Course Income Statement
 - p. July 2026 Liquor Store Income Statement
 - q. July 2026 Blackduck DMV Income Statement
 - r. June 2026 LG216 Lawful Gambling Monthly Rent Report - Blackduck Fire Relief Association
 - s. Final Approval - July 2026 Business Credit Card Payment
 - t. Final Approval - July 2026 EFT Disbursements for City of Blackduck payrolls supporting MN Statute §471.38 subd. 3 (3a)
 - u. Final Approval - June 2026 Supplemental Bills
 - v. Final Approval - Local Option Sales Tax Report - May 2026
 - w. Final Approval - Local Option Sales Tax Report - June 2026
 - x. Final Approval - Q2 2026 No Fee Payments - Blackduck DMV - Office 180
 - y. Final Approval - 2026 First Half Property Tax Settlement - City of Blackduck
 - z. Final Approval - Q2 2026 Minnesota Paid Leave Liability
 - aa. Final Approval - Clarity Glass Invoice for Repair Services to Beer Cooler - Liquor Store
 - ab. Final Approval - 2026 First Half LGA, Small Cities Assistance, and Class 4D1 Aid payments
 - ac. Final Approval - 2026-27 Pre-Buy Propane Contract for Heating Season - Blackduck Coop
 - ad. Final Approval - Installment Arbitrage Report for General Obligation Tax Abatement Bonds, Series 2021A - Ehlers
 - ae. Final Approval - Engagement Letter for Actuarial Services VIA for GASB 67/68 Pension Actuarial Services - City of Blackduck and Blackduck Fire Relief
 - af. Final Approval - Potential Refunding of Existing Bonds Report for the City of Blackduck - Ehlers
 - ag. Final Approval - Blandin Foundation Grant Final Report - Grant #2024-14870 - Duck Statue
 - ah. Final Approval - American Engineering Testing Report of Geotechnical Exploration Pond Bar & Grill Pavement Blackduck, MN
 - ai. Final Approval - Report of Geotechnical Exploration Sanitary Sewer Lift Station Blackduck, MN
 - aj. Final Approval - CliftonLarsonAllen LLP Representation Letter for the Financial

Statement of the City of Blackduck for 2025

- ak. Final Approval - CliftonLarsonAllen LLP Representation Letter for Compliance requirements described in Title 2 US Code of federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards for the year ending 2024 for the City of Blackduck
- al. Final Approval - Schedule of Expenditures of Federal Awards and other Required Reports for the City of Blackduck for 2024
- am. Final Approval - CPF Grant Reimbursement #4 Q2 2026 - Blackduck Library Project
- an. Final Approval - Municipal Secondary Market Disclosure Annual Report submission for the City of Blackduck 2025 Financials - Ehlers
- ao.

Laurie Hamilton moved to approve the consent agenda as presented Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

4. 2025 FINANCIAL AUDIT PRESENTATION, CLA - TROY GABLER AND SIONA KELLY

- a. City of Blackduck Auditor Communications Presentation for the FY2025
Gabler and Kelly presented to the city council and public the results of the 2025 Financial Audit highlighting enterprise funds then took questions from council and the public.
- b. City of Blackduck CLA propose move to cash basis financial audit
Gabler proposed options for the City of Blackduck to move to a cash basis financial audit vs. full accrual audit for the City except for the Liquor store. Gabler reports the debt threshold with MN PFA is lower and no longer required by the State Auditor. Gabler states the change may lower costs to the city in preparing the financial audit however by doing so will provide less detail in the audit. Gabler offered the opportunity to move toward that option for 2027 and cautioned the city of the standard operating procedures that will change to the administration department. Mayor Gullette states saving money is good but questions how the change will affect the administration department. Regas states her office is cautious to move toward the change as the city has been tracking expenses with details for decades and the change may not assist the department heads moving forward. Gabler further cautioned the city stating if the city entered into debt issuance in the future with PFA the city would need to move back to full accrual reporting of which that migration would be more difficult. Mayor Gullette states the City should discuss the change and decide prior to end of Q3 2026 by Regas' recommendation. Gabler states the time involved in making the move will need timing to a beginning of a calendar year and his department will work with Regas' team.

5. REVOLVING LOAN FUND COMMITTEE RECOMMENDATION, SEAN MORAN HRDC

- a. Mary Larsen/Larsen Creations, LLC dba Anderson Fabrics Quilt Shop Loan Request
Moran presented a memo outlining a recommended revolving loan for Larsen Creations LLC dba Anderson Fabrics Quilt Shop.

Ronald Fredrickson moved to approve the recommended revolving loan for \$40,000 for 10 years at 0% interest to Larsen Creations LLC dba Anderson Fabrics Quilt Shop as outlined in the memo Nicholas Seitz seconded the motion.

Mayor Gullette states the type of loan Larsen Creations is seeking, Storefront Rehab meets the requirements of the loan parameters. Councilor Fredrickson asked for more detail of what the funding will be used for. Gary Larsen states the roof needs replacing, a small addition is being added, and the updates to the exterior of the building.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

6. BLACKDUCK FORUM

Visitors may share their concerns with Council on any issue, which is not already on the agenda. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual's presentation if it becomes redundant. The Mayor may also limit the number of individual presentations on any issue to accommodate the scheduled agenda items. All comments will be taken under advisement by the Council. No action will be taken at the time.

- a. There was no one to speak for the Blackduck Forum.

7. REPORTS OF COMMITTEES AND CITY STAFF

7.1. PUBLIC WORKS REPORT - MIKE SCHWANKE, PUBLIC WORKS DIRECTOR

7.1.1. Lift Station Renovation Project - updates

Regas reports receiving a revised 20 year debt schedule for the board to review that shows a reduction of loan after a buy down with sewer replacement reserve funds of \$150,000. Regas states it is required to have 5 months of expenses in reserves by policy allowing for about \$150,000 towards the project funding. Regas states the debt schedule still has high principal payments towards the end of the issuance. Regas states more will be provided at the work session for the board to review and discuss for the project. Regas states the importance of the project still remains the debt issuance is a lot to take on for the City. Regas states project plans are not ready at this point and more will be discussed on August 17.

7.2. LIQUOR STORE REPORT - SHAWNDA LAHR, DIRECTOR OF LIQUOR OPERATIONS

7.2.1. Report

Melissa Gullette reports the third AC unit is installed and running; the beer door has been repaired; breakfast service is hit or miss - new table top menus have been implemented for better visibility; Woodcarvers was good and the department is preparing for Backwoods Bash. Mayor Gullette requested the liquor store prepare and report a cost analysis for the board to review of how breakfast is going. Nothing further.

7.3. FIRE DEPARTMENT REPORT - BRIAN LARSON, FIRE CHIEF

- 7.3.1. August 13, 2026 @ 6pm - Blackduck Fire Protection Annual Budget Meeting of Towns/Cities - Packet
Regas reports the annual budget meeting will be this Thursday, August 13 and an updated incident log will be provided. Regas reports the proposed budget is under 2026 and there may be a surplus from 2025 to assist 2027.

7.4. GOLF COURSE REPORT - MISTY FRENZEL, GOLF COURSE DIRECTOR

- 7.4.1. Approval Needed - Quote for Computer replacement for Blackduck Golf Course - MIS Quote #3000205468585.1
Regas reports the workstation at the club house has used up its available memory and the use of the computer is larger than planned when purchased. Regas states the point of sale system almost crashed as there was too many downloads on the hard drive. Regas is recommending replacement and provided a quote from Beltrami County MIS for approval.

Nicholas Seitz moved to approve the quote from MIS for a replacement computer for the Blackduck Golf Course Laurie Hamilton seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

7.5. LIBRARY REPORT - KELLY HANKS, HEAD LIBRARIAN

- 7.5.1. Approval Needed - Siding Quote for Blackduck Library - DK Builders
Regas provided a quote for barn steel siding for the Blackduck Library facility from DK Builders for approval. Regas states this does not include soffit or fascia.

Nicholas Seitz moved to approve the quote from DK Builders for the Blackduck Library siding Laurie Hamilton seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

8. ADMINISTRATOR'S REPORT

- a. Donation Request - Blackduck Boys and Girls Club, Emily Fairchild
Fairchild requested a donation for the boys and girls club of Blackduck for an assist on program expenses and t-shirts in the amount of \$1,800.

Nicholas Seitz moved to approve the donation request to the Boys and Girls Club of Blackduck Laurie Hamilton seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- b. Approval Needed - Resolution 2026-04 - Revision 1 - Resolution to appoint election judges for the 2026 State Primary, State General Elections, and Municipal Elections

Laurie Hamilton moved to approve Resolution 2026-04 revision 1 Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- c. Approval Needed - Resolution 2026-12 - Revision 1 - Resolution supporting the department of Public Safety for appointment of the City Administrator in the role of Appointee, and the Mayor in the role of Authorized Representative for the City of Blackduck

Ronald Fredrickson moved to approve Resolution 2026-12 revision 1 Laurie Hamilton seconded the motion.

Regas reports the revision is a correction requested by Department of Public Safety

Carried 3 to 0

Maxwell Gullette	Abstained
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- d. Approval Needed - City of Blackduck Fund Balance & Reserve Policy - revisions recommended by independent auditors CLA

Ronald Fredrickson moved to approve revisions to the City of Blackduck Fund Balance & Reserve Policy Nicholas Seitz seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

- e. July 7, 2026 - August 10, 2026 - Minnesota Primary Absentee Balloting Open

- f. August 11, 2026 - Minnesota State Primary Election - Polls Open 7am - 8pm
- g. August 13, 2026 @ 2pm - Blackduck Finance Committee Meeting - 2027 Budget Planning
- h. August 13, 2026 @ 6pm - Blackduck Fire Protection Budget Meeting of Cities and Towns
- i. August 17, 2026 @ 6pm - Blackduck City Council Work Session
- j. September 8, 2026 @ 6pm - Blackduck City Council Meeting
- k. Donation Request - Madden McKean Foundation, Dick McKean - **RESCHEDULED FOR COUNCIL MEETING ON SEPTEMBER 8, 2026**

9. MAYOR AND/OR COUNCIL MEMBER REPORTS

10. COMMUNITY EVENTS/GOOD THINGS HAPPENING

11. ADJOURNMENT

a.

Nicholas Seitz moved to adjourn the city council meeting at 7:42pm Laurie Hamilton seconded the motion.

Carried 4 to 0

Maxwell Gullette	For
Nicholas Seitz	For
Laurie Hamilton	For
Ronald Fredrickson	For

City Administrator, Christina Regas

Maxwell Gullette, Mayor