

Regular City Council Meeting
Mountain Lake City Hall
Monday, March 2, 2026
5:45 p.m.
AGENDA

1. Meeting Called to Order *Additional information on agenda item is attached or at City Hall

2. Approval of Agenda and Consent Agenda
 - a. Bills: Checks #29807-29833, 1726E-1740E (1-7)
 - b. Payroll: Checks #69372 – 69391
 - c. Approve January 26 EDA Minutes (8)
 - d. Approve February 12 Utilities Commission Minutes (9-10)
 - e. Approve February 17 City Council Minutes (11-12)
 - f. Approve February Street Department Report (13)

3. Public – A total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern or provide comments to the Council.

4. EDA – *Small Cities Development Program*
 - a. Discussion/Action – Resubordinate the City’s SCDP Loan (14-16)

5. City Administrator
 - a. Discussion/Action – Lawcon Park
 - b. Discussion/Action – Tiny House Ordinance #4-26– 3rd & Final Reading (17-18)
 - c. Discussion/Action – Street Closures

6. Roundtable
 - a. Discussion – Commissions/Boards Update

7. Adjourn

Economic Development Authority
Monday, January 26, 2026
12:00 p.m. – 1:00 p.m.
Mt. Lake City Hall
Council Chambers

PRESENT: Eileen Augustin, Mike Nelson, Travis Smith, Steve Syverson, Kyle Smith and Phil Skow. Clara Johnson and Vern Peterson, Advisors.

ABSENT: Darla Kruser

STAFF: Rod Hamilton and Tabitha Garloff

1. CALL TO ORDER. President Syverson called the meeting to order at 12:02 p.m.
2. Motion to Approve Consent Agenda
Consent Agenda:
 - a. Approval of December 15, 2025, Meeting Minutes.
 - b. Approval of Financial Reports and Bills. Rod stated that funds were transferred from the 415 and 230 account for the 1030 land exchange. Tabitha will add an EDA assets page to the monthly packets.
3. Hall's Handy Heating, John Hall, gap financing loan request for purchase of 1430 Boxelder Street. Motion needed. John withdrew his EDA loan request.
4. BR Dirt Works, Ben Raabe – discuss future request for up to \$50,000 gap financing to build a shop of his landscaping business on parcel 220340502. No action needed. Rod stated that Ben Raabe purchased parcel 220340502 between AmeriGas and the Ysker property on the east end of 3rd Ave. Ben will be attending the February board meeting to discuss his request.
5. Update on Minnesota Housing deferred loan request for additional funding. Rod reported that the new workbook needed for additional funding has been updated and submitted to Mn Housing. The new workbook included the prevailing wage increase of \$692,000. Rod stated if approved construction, it must commence Spring of 2026.
6. Vestas update from Rod. Vestas representatives will be in Mountain Lake February 18-19 to review and finalize the lease agreement with Balzer. They will initially bring 3-4 employees to the area for 2 years and will need housing. Once it is operational they will bring an additional 70 plus employees.
7. Rod update on meeting with JEDC meeting in Jackson. Rod gave brief overview of his meeting with the Jackson Investment Group. Rod explained that the JEDC (Jackson Economic Development Coalition works like the EDA but allows people interested in starting a business to remain confidential. JEDC built the strip mall in Jackson. The strip mall was recently purchased by someone from Iowa. Rod stated he will be meeting with the group more often to discuss future ideas and learn more about how the group works.

**Mountain Lake Utilities Commission Meeting
Mountain Lake City Hall
Thursday, February 12, 2026
7 AM**

Members Present: Todd Johnson; Dean Janzen; Mark Langland; Sue Garloff; City Council Liaison Jeff Jack

Members Absent: David Savage

Staff Present: Michael Mueller; City Administrator; Jill Falk; Utility Office Manager; David Watkins; Electric Superintendent; Lineman; Taylor Nesmoe; Water/Wastewater Foreman; Scott Pankratz; Water/Wastewater

Others Present: Jon Adrian

Call to Order

The meeting was called to order at 7 AM.

Approval of Minutes and Bills

Motion by Janzen, seconded by Johnson, to approve January 22nd Minutes and Check Numbers 24637 - 24669 (866E-887E). Motion carried.

Electric Department

Jon Adrian was present to address his concerns with his current utility bill. A discrepancy was noticed on his demand reading, and he has been undercharged for demand costs since 2023. Falk and Watkins have been completing the yearly audit of demand readings to determine the classifications for small and large commercial businesses for 2026. During that audit, it was found that the readings from Sensus and Banyon were not being calculated correctly. A Metering Consultant, Larry Chapman, will be meeting with them today as well to help find any additional errors. Banyon moves the decimal point when the readings are ported in. Adrian's last reading for January 0.262, however, in Banyon appears as 262 and is multiplied by 0.04 for the multiplier. If a demand is manually entered at 0.262, Banyon does not move the decimal point. With the decimal point error, the reading comes in as 0.01048 instead of 10.48. After further review for 2025, Adrian Farms only paid \$22.72 for demand charges but should have been charged \$23,360.95. Once the audit is completed, Falk will provide a list of all accounts that are affected. Per State Statute **7820.3800 ELECTRIC UTILITY BILLING ERRORS**, the utility may bill the undercharge of services rendered beginning one year before the date of discovery.

Watkins mentioned that the substation will be decommissioned later this morning, and the 69kv line will be down. The power plant will be generating for the town. As long as everything goes as planned, nothing should be noticed, and there should be no blips in the service. It is important to ensure that Milk Specialties/Actus Nutrition stays online, as even the slightest power surge will halt business for eight hours. The discussion was brought up again as to what will be done with the generators and the old power plant. Mueller will speak with Rod Hamilton and the EDA to discuss ideas for repurposing.

Water/Wastewater

The VFD for Well #7 has finally arrived. Automatic Solutions is currently in town to back up the memory for the RO panel to begin that update. Hopefully, they will be able to begin working on the VFD repairs as well. Flexible Pipe reached out to Nesmoe, stating the new Vac truck is available and ready for testing. Nesmoe has also been repairing the air compressor pumps. One has been completed, with progress on the second to be completed shortly. A local septic tank dumping business has reached out to see if there is available room in the ponds. The law requires that if they do not have the means to land apply, the discharge must be brought to a facility. There were concerns as to the amount of each load, how often dumping will take place, and what products may be in the dump. The ponds can handle an additional capacity of 20,000 gallons a day. Nesmoe will discuss it further with John Graupman before any decision is made.

City Administrator

The new power plant is expected to be up and running by March 1, 2027. Mueller discussed the idea of certifying the new generators in March to get credit for capacity for the spring season. If the generators are claimed and then are not able to produce properly, the utilities could be penalized up to \$380,000. There is no penalty if generation is not claimed. As of September 1, 2026, the old generators will be shut down, and MISO will be notified of their retirement.

Langland made a motion that generation will be claimed for the 2027 Spring season and to not take a risk on the generators not running properly by the end of March. Janzen seconded the motion, and the motion carried. Mueller also mentioned that DGR Engineering is working on the 5MWh Data Center. Another Data Center may be in the works as well. If both Data Centers are functioning, Mueller would like to potentially upgrade to a 30MVA transformer for the substation, which would provide 15MW to each.

Adjourn

The meeting was adjourned at 8:10 a.m.

ATTEST:

Jill Falk, Utilities Office Manager

**City of Mountain Lake
Regular City Council Meeting
Mountain Lake City Hall – 930 Third Ave
Tuesday, February 17, 2026
5:45 p.m.**

Members Present: Andrew Ysker, Jeff Jack, Mike Nelson, Darla Kruser

Members Absent: Bryan Bargaen

City Staff Present: Michael Mueller City Administrator; Ben McHenry Police Officer

Others Present: Doug Regehr

Call to Order

The meeting was called to order by Mayor Nelson at 5:45 p.m.

Approval of Agenda & Consent Agenda

Motion by Jack, seconded by Ysker to approve the agenda and consent agenda as presented.

Motion carried 3 – 0.

Bills: Checks #29784 – 29806, 1708E – 1725E

Payroll: Checks #69329 – 69371

Approve January 12 Lake Commission Minutes

Approve January 22 Utilities Commission Minutes

Approve February 2 City Council Minutes

Approve 2026 Fire & Ambulance Contracts

Public

No comment

City Administrator

Third and final reading of the Tobacco Ordinance. Motion by Jack, seconded by Ysker to approve Ordinance #3-26 Tobacco Regulations. Motion carried 3 – 0.

Darla Kruser arrived.

There was a second reading on the city's tiny house ordinance.

Roundtable

An update was given to the council regarding board and commission meetings.

Adjourn

The meeting was adjourned at 6:13 p.m.

ATTEST:

Michael Mueller, Administrator/Clerk

FEBRUARY STREET-DEPT - Report

- Plow Streets, Clean Sidewalks, Haul Snow
- Paint Parks Garbage Cans
- Prep Work #20 New 1 Ton Dump Truck, Tools, Shovels, ECT
- New Brushes, Skiheader Broom
- Maintain Burn Site
- Open & Close 2 Graves
- Remove & clean up 3 Trees, Chamber, Pete F Station
- Remove Ash Trees & clean up Campground
- Remove Ash & Dead Pine Trees across Park, Heppners Point Area
- Sweep STREETS
- Clean shop, Pickups, EQ
- GET Chip Seal Bids
- GET gravel Bids

2/24/2026

Request for Subordination

To: Mountain Lake City Council

RE: Small Cities Development Program File O-3

Small Cities Development Program (SCDP) file O-3 closed on a loan with the City of Mountain Lake on December 3, 2025. Since then, the owner has requested to refinance the first mortgage, which requires the loan with the City of Mountain Lake to be resubordinated.

Department of Employment and Economic Development (DEED) states that SCDP loans may be “refinance to secure a lower interest rate on a mortgage, not exceeding a loan to value determined by local policy. SCDP grant recipients may use the cash equity to rehabilitate the property. Cash equity for all other uses are not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED.”

The owner is receiving a higher interest rate and receiving cash equity to pay off non housing debt. This refinance will result in an LTV of 81%. This requires an exception from DEED. To proceed with an exception request, DEED is requesting the city council approve/deny this request before DEED would review the request.

Current Situation		After Refinance	
1 st Mtg	\$37,483.81	1 st Mtg	\$81,000.00
HELOC	\$24,000.00	HELOC	\$0.00
Interest Rate of 1 st Mtg	3.75%	Interest Rate of 1 st Mtg	5.5%
Non Housing Debt to Pay off	\$6,698.00	SCDP Loan	\$24,846.00
SCDP Loan	\$24,846.00	Appraised Value of Home*	\$100,000.00
Appraised Value of Home*	\$100,000.00		

*Lender is requesting an increase in appraised value to \$120,000.00 as the SCDP projects were not included in the initial appraisal.

Please notify us of your approval or denial of this request. If approved, please provide a written assessment of your approval to SWMHP and we will submit the request to DEED for final approval.

Mary Grack
Senior Lending Specialist
Southwest Minnesota Housing Partnership



The City Council of the City of Mountain Lake has reviewed the request for resubordination of the Small Cities Development Program (SCDP) loan associated with SCDP File O-3, closed on December 3, 2025.

Project Background

The property currently carries a first mortgage, a home equity line of credit (HELOC), and an SCDP deferred loan in the amount of \$24,846. The property has an appraised value of \$100,000. The property owner has requested to refinance the first mortgage and eliminate the existing HELOC, which requires the City's SCDP loan to be resubordinated.

Proposed Refinance

Under the proposed refinance:

- The first mortgage would increase to \$81,000 at an interest rate of 5.5 percent.
- The HELOC would be paid off in full.
- Cash equity would be used to retire non-housing debt in the amount of \$6,698.
- The SCDP loan would remain in place at \$24,846 and be resubordinated.
- The resulting loan-to-value (LTV) ratio would be approximately 81 percent based on the current appraised value of \$100,000.
- The lender has indicated a request for an updated appraisal of \$120,000 to reflect completed SCDP-funded rehabilitation improvements not included in the original appraisal.

Policy Considerations

The City Council acknowledges that guidance from the Department of Employment and Economic Development allows refinancing of SCDP-assisted properties primarily to secure a lower interest rate, and that use of cash equity for non-housing purposes is generally not permitted unless an exception is granted by DEED.

The Council further acknowledges that:

- The proposed refinance results in a higher interest rate than the existing first mortgage.
- Cash equity would be used to pay off non-housing debt.
- The LTV exceeds typical local thresholds and therefore requires an exception from DEED.

Council Assessment and Determination

After review, the City Council finds that:

1. The refinance would consolidate debt, eliminate the HELOC, and simplify the property's overall debt structure.

2. The SCDP loan will remain secured against the property, and the City's long-term interest in the rehabilitation investment is preserved.
3. The completed SCDP improvements have enhanced the property's condition and value, which may not be fully reflected in the existing appraisal.
4. Approval of resubordination is contingent upon DEED's determination and final approval of an exception.

Based on these findings, the City Council approves the request to resubordinate the City's SCDP loan, subject to final review and written approval by DEED and compliance with all applicable SCDP requirements.

This written assessment is provided to Southwest Minnesota Housing Partnership (SWMHP) for submission to DEED as part of the formal exception request.

If you have questions regarding this assessment or require additional documentation, please contact the City.

Sincerely,

Authorized City Official
City of Mountain Lake
Date:

CITY OF MOUNTAIN LAKE, MN

ORDINANCE #4-26

AN ORDINANCE AMENDING CITY CODE SECTION 9.18 TO ALLOW TINY HOMES AS A PERMITTED USE IN RESIDENTIAL DISTRICTS

The City Council of the City of Mountain Lake ordains as follows:

SECTION 1. Mountain Lake City Code Section 9.18 Residential Districts is hereby amended by adding the following subdivision:

SECTION 9.18 TINY HOMES ORDINANCE

Subdivision 1. Purpose.

The purpose of this subdivision is to allow the construction and placement of tiny homes as an affordable housing option, while maintaining the character, safety, and quality of existing residential neighborhoods.

Subdivision 2. Definition.

A *Tiny Home* is defined as a single-family dwelling unit built in compliance with the **Minnesota State Building Code**, having a total floor area of **not less than 400 square feet and not more than 800 square feet**, excluding loft space.

Subdivision 3. Permitted Use.

Tiny Homes shall be considered a **permitted use** within the residential district, subject to the requirements listed in this subdivision.

Subdivision 4. Lot Requirements.

1. **Minimum Lot Size:** 3,500 square feet per dwelling unit.
2. **Setbacks:** Must meet the same front, side, and rear yard setbacks as required for other residential structures within the applicable zoning district.
3. **Lot Coverage:** Must comply with the maximum impervious surface coverage permitted within the district.

Subdivision 5. Building and Design Standards.

1. All Tiny Homes must comply with the **Minnesota State Building Code** and be placed on a **permanent foundation**.
2. Off-site or factory-built Tiny Homes must be certified as meeting all State Building Code requirements prior to installation.

3. All units must be connected to City utilities, including water, sewer, and electric service.
4. Exterior design, materials, and roof pitch shall be compatible with surrounding residential structures.

Subdivision 6. Parking.

Each Tiny Home shall provide at least **one (1) off-street parking space.**

Subdivision 7. Prohibited Uses.

1. Tiny Homes on wheels (THOWs) or those constructed on trailers shall not be permitted as permanent dwellings.
2. Recreational vehicles, campers, or similar structures shall not qualify as Tiny Homes under this section.

SECTION 2. Effective Date. This ordinance shall be effective immediately upon passage and publication.

ADOPTED by the City Council of the City of Mountain Lake, Minnesota this 2nd day of March, 2026.

Mike Nelson, Mayor

Attest:

Michael Mueller, City Administrator