TOWN OF FAYAL

4375 SHADY LANE, EVELETH, MN 55734

Heidi M. Latvaaho, Clerk/Treasurer *Lee Branville, Chairman*

Supervisors: Mark Chad, Michael Erjavec, Richard Sather, Daniel Zbosnik

PHONE (218)744-2878 *FAX (218)744-5986*

REGULAR MEETING OF THE FAYAL TOWN BOARD

OCTOBER 6, 2026

The Regular Meeting of the Fayal Town Board of Supervisors was called to order at 7:00 PM by Chairman Branville. Present were: Chairman Branville, Supervisor Chad, Supervisor Erjavec, Supervisor Sather, Supervisor Zbosnik and Clerk Latvaaho. Chairman Branville led with the Pledge of Allegiance.

Audience members in attendance were Matt Hoffmann, Jason Latvaaho and Steve Shykes.

Motion to approve the minutes of the Regular Town Board Meeting of September 15th, 2026, made by Supervisor Erjavec, support from Supervisor Zbosnik. Motion carried unanimously.

SCHEDULED GUESTS- None at this time.

AUDIENCE CONCERNS- None at this time.

REPORTS-

Clerk/Treasurer's Report-

Bank statements for the month of September have been received and all accounts reconciled. Revenues were $70,297.05 and expenditures were $181,375.51. Ending balances for September were:

Miners Checking- $961,533.98
CD Savings- $70.85
4M Fund- $2,105,256.08

For the month of October to date, revenues are $18,224.20 and expenditures are $79,043.94.

Motion to approve the Clerk/Treasurer's report, made by Supervisor Sather, support from Supervisor Chad. Motion carried unanimously.

Other Reports-

Motion to accept the September Road and Bridge report, made by Supervisor Sather, support from Supervisor Erjavec. Motion carried unanimously.

CORRESPONDENCE-

September 18th- Email from St. Louis County Association of Townships with meeting minutes from May 27th. Placed on file.

September 18th- Letter from the University of Minnesota Extension with thank you and certificate for donation of $100.00 to the St. Louis County 4-H. Placed on file.

September 24th- Letter from Range Association of Municipalities & Schools with information and nomination forms for RAMS Board of Directors. Nomination forms need to be returned by November 25th. Placed on file.

September 24th- Email from Range Association of Municipalities & Schools with meeting minutes from May 28th. Placed on file.

September 28th- Letter from Blue Cross and Blue Shield of Minnesota with notice that renewal is available in October for health insurance. Should be hearing from Jamie Lindseth with those proposed changes for 2027.

September 29th- Letter from the Minnesota Department of Revenue with Taconite Municipal Aid to be received on September 15th. Fayal has phased out of the distribution and is receiving zero. Discussion regarding no longer qualifying due to property values increasing at such a rapid pace.

September 29th- Email from the League of Minnesota Cities with work comp dividend information. Received a dividend for $9,034.00, previous dividend received was $3,468.00. Placed on file.

October 1st- Letter from the Eveleth City Council thanking Fayal for the $25,000.00 donation to the Eveleth Police

Department towards the purchase of a new squad car. Placed on file.

OLD BUSINESS

Chairman Branville-

Tennis Courts- Clerk Latvaaho submitted a Cultural and Recreation grant application and is awaiting response from the IRRR. She also submitted the pre-application for the USTA grant and is waiting to hear approval on that in order to submit the full application.

LRIP Grant- The Engineer will be submitting the application and just waiting for the approved resolution from St. Louis County in order to submit the application.

Road Projects- With Gilbert withdrawing the annexation attempt, Differding Point can be added back to the list. Clerk Latvaaho spoke with the bond attorney and the cost is $5,000.00. In 2017, that cost was $3,500.00. Discussion on how to proceed and timeline. Foreman Jason Latvaaho will speak with the Engineer for what they recommend. Clerk Latvaaho added that payments wouldn't be required until 2028 and that the Town Board can submit the project for bids and see where they come in at. If the bids don't come back favorably the Township does not have to proceed.

Police Department Budget- Chairman Branville, Supervisor Zbosnik and Clerk Latvaaho met with the Eveleth Administrator and Council Member Brian Lillis a few weeks ago. Eveleth emphasized the 24/7 service, but didn't really provide any counter offers. Fayal representatives did make them aware that they could eliminate police services if deemed appropriate and have coverage from the Sheriff's Department like the Town of White does. The Town of White is similar in population, but double in size. The City of Eveleth had originally wanted Fayal to pay $125,000.00 by 2030, basically to cover one full time police officer. In Chairman Branville's opinion the relationship with the Eveleth Police Department has been fantastic and if they could maintain that at a cost of $80,000.00 per year, with inflationary consideration in the future. Eveleth does maintain properties located in Fayal. Discussion regarding budget and proposing $70,000.00 for 2027 and $80,000.00 for 2028. Clerk Latvaaho will send that over to Eveleth's Administrator.

Lift Station A-1 Generator- Clerk Latvaaho submitted a Public Works grant application to the IRRR last week.

Annexation- The City of Gilbert did not approve the resolution to annex Differding Point. Discussion that the annexation was proposed due to not having a bulk water contract in place between Gilbert and Fayal.

Fire Chief's Position- Clerk Latvaaho posted the position and added a closing date of October 6th. There was one letter of interest received. Discussion regarding the Fire Department manual and having a Hiring Committee. Chairman Branville and Supervisor Zbosnik will volunteer and from the Fire Department will need an Officer and a Fire Department member at large.

Firefighter PERA Report- Supervisor Erjavec provided some projections based on his calculations and Clerk Latvaaho also received a report from PERA if the Town were to increase the pension amount to $6,000.00 per discussion at the last meeting. She also asked what would happen to those projections taking into account a 40-year retiree and how that liability would affect the balance. Discussion regarding individuals vested and liabilities to pay out at retirement if increased to $6,000.00. PERA education regarding fire department increases says to proceed with caution when an increase leaves the funded ratio below 100%. Any underfunded amount is the Township's responsibility. Discussion regarding current market conditions, effect on the cost impact and increases to the pension since 2022. Current benefit level is $4,700.00, in 2023 the level was $2,200.00. Assistant Chief Matt Hoffmann added that the Department would like to add $56,000.00 from the Boundary Waters Fire into the pension to help cover the shortage. Discussion that the 40-year member when retired would use $52,000.00 of the $56,000.00 if the pension were to increase from $4,700.00 to $6,000.00, which would still leave a negative funded ratio. Discussion that the Township would be responsible for 10% of the shortage each year. Discussion regarding vested and deferred members.

Motion to keep at $4,700.00, made by Supervisor Erjavec, support from Supervisor Zbosnik. Discussion that the pension can be looked at again next as this projection report comes out every year in July. Assistant Chief Hoffmann added that they have the dollars now to make a contribution and not to say next year they would still be there. Discussion regarding the retiree would acquire the majority of the contribution with a benefit level increase to $6,000.00 and the actuarian that prepared the PERA figures calculated a negative funded ratio and PERA states to proceed with caution in that scenario. Discussion that the Fire Department is proposing the $1,300 increase. Discussion that PERA gave other options for increases in the benefit level. Chairman Branville questioned how the Fire Department request of $6,000.00 originated? Assistant Chief Hoffmann clarified that it was a number to start with. Discussion of increasing to $4,900.00 keeps the funded ratio at 110%. Both Supervisor Erjavec and Supervisor Zbosnik withdrew their motions.

Motion to increase the Fire Department funding from $4,700.00 to $4,900.00, which would insure that our

funded ratio stays above 110%, made by Supervisor Zbosnik, support from Supervisor Erjavec. Chairman Branville and Supervisors Zbosnik and Erjavec voted in favor. Supervisors Chad and Sather opposed. That would not include a $56,000.00 contribution. ***Motion carried.***

Clerk Latvaaho will draft a resolution for the next meeting for that change. Fire Chief Steve Shykes resigned from his position as the Fire Chief effective immediately and left the meeting at this time at 8:01 PM. Chairman Branville stated that the timing of this request coincided with significantly benefitting an upcoming retirement and pressuring the Town Board to make a decision that was not recommended by the actuarians. If an increase is made, the Township cannot decrease the pension amount if there becomes a shortage and ultimately the taxpayers are responsible for making up that shortage. The benefit level can be reviewed every year. The Town has tried very hard to keep the levy low. The benefit level is a good recruiting tool. Supervisor Chad added that in speaking with some newer members, the benefit level is one of the reasons they have joined the Fayal Department. Assistant Chief Hoffmann added that the request came up because those dollars were earned from the Boundary Waters Fire. Chairman Branville added that those dollars can still stay in their budget and should not be going anywhere. Supervisor Erjavec read from the paper what the Mountain Iron Fire Department did with the dollars earned from the Boundary Waters Fire.

Discussion regarding appointing the Assistant Chief as the Interim Chief and to wait until a written resignation is received. Assistant Chief Hoffmann will get two individuals to serve on the Hiring Committee. The Hiring Committee will meet Wednesday, October 14th at 8:00 AM at the Town Hall. The Fire Department staff was all made aware of the Fire Chief posting.

Loader Repair Quote- A quote was provided from Ziegler for $2,657.50 to replace the AC pump and a hose replacement.

Motion to repair the loader with the quote from Ziegler Caterpillar for $2,657.50, made by Chairman Branville, support from Supervisor Zbosnik. Motion carried unanimously.

NEW BUSINESS

2028 Levy- As a starting point, 2028's proposal includes a $10,000.00 increase to General, a $10,000.00 increase to Police and a $30,000.00 increase to Road & Bridge, for a total of 4.91% increase over 2027. Clerk Latvaaho received a budget from the Fire Department, but hasn't had an opportunity yet to compare to her budget. Clerk Latvaaho made a recommendation from the 2027 Levy to transfer the remaining balance of the Public Safety Fund of $28,000.00 to be split between the Fire Department and the Police Department, which is what those dollars were originally allocated for. Those funds were discussed early in 2026 of moving to the Road Replacement Fund. Then $50,000.00 from the Town Hall Fund that was supposed to also be moved to the Road Replacement Fund should be left in the Town Hall Fund and can be put towards the tennis court project if that proceeds forward. The Road and Bridge Department can support transferring $50,000.00 to the Road Replacement Fund yearly. Clerk Latvaaho emphasized that she really needs every Department to carry themselves with their balances until July when the 1st half of the Levy funds are received. There isn't extra funds like Mining Effects that can be used to support other Departments in the meantime. In December the second half of the Levy is received. She has worked hard over the years to make sure nearly every Department remains positive until July, but the Police and Fire Departments have struggled to maintain a positive balance until then.

Letter of Support- The letter is submitted every year in support of the North St. Louis County Soil and Water Conservation District applying for an aquatic invasive species grant from St. Louis County.

Motion for Clerk Latvaaho to submit a letter supporting the AIS grant, made by Chairman Branville, support from Supervisor Chad. Motion carried unanimously.

November 3rd Meeting and Board of Canvass- The November 3rd meeting is election day.

Motion to hold one meeting in November, made by Chairman Branville, support from Supervisor Sather. Motion carried unanimously.

Motion to set the Board of Canvass for November 12th at 8:00 AM at the Town Hall, made by Chairman Branville, support from Supervisor Sather. Motion carried unanimously.

Fire Department Transfers- Clerk Latvaaho had transfers for the Fire Department loans all due in October.

Motion to transfer from Mining Effects to the 4M Sewer $17,547.99 for the airpack payment, made by Chairman Branville, support from Supervisor Sather. Motion carried unanimously.

Motion to transfer from the Fire Department to the General 4M Fund for the chassis payment of $7,948.60, made by Chairman Branville, support from Supervisor Sather. Motion carried unanimously.

Motion to transfer from Capital Equipment to the 4M Sewer Fund for the Fire Department truck payment of

$16,927.03, made by Chairman Branville, support from Supervisor Sather. Motion carried unanimously.

Parking Lot Lights- Chairman Branville had noticed that in the parking lot it is very dark at night and wanted to look into the cost of putting a few lights for the area. Foreman Latvaaho worked with Hometown Electric and it was discovered that there is a bigger problem with a broken electric line under the pavement, not in conduit that feeds the skate shack, the rink lights and the existing lights. Gulbranson Excavating gave a verbal estimate for running three lines at $5,000.00 per day. Estimated repair for the broken line project is $8,000.00-$10,000.00. Discussion that all the lines will be put in conduit. Will look at the lights after this project is complete, but will bore conduit so it is ready if the light project proceeds.

Motion to proceed with the repairs of wiring out to the skate shack with whatever is needed, made by Chairman Branville, support from Supervisor Erjavec. Motion carried unanimously.

Lift Station M Repair Quote- The quote is going to be presented to the Public Utilities Commission first for approval. The cost is $17,424.22 for replacing elbows.

TextMyGov Quote- Clerk Latvaaho has been contacted numerous times in the past by this company and the software really is a great program for contacting residents with text alerts, but the price is still rather high based upon how often it would likely be used. The latest quote received was $1,500.00 per year. She said she would bring it forward for the Town Board to decide.

Motion to not enroll in TextMyGov, made by Chairman Branville, support from Supervisor Zbosnik. Motion carried unanimously.

Motion to pay the claims in the amount of $121,440.04, made by Supervisor Zbosnik, support from Chairman Branville. Motion carried unanimously.

Chairman Branville adjourned the Regular Meeting at 8:33 PM.

Respectfully submitted,

Heidi M. Latvaaho

Heidi M. Latvaaho

Clerk/Treasurer Town of Fayal

Approved: _____ Date: 11/3/26

Chair

Attest: Heidi M. Latvaaho

Clerk