

**SANDSTONE CITY COUNCIL  
SPECIAL MEETING  
Wednesday, March 24, 2021, 5:30 p.m.**

**CALL TO ORDER:** 5:35 p.m.

**ROLL CALL:** Peter Spartz, Julena Rahier, Randy Riley, Cassie Gaede, Val Palmer

Members absent:

Staff present: Administrator George

**SPECIAL ITEMS OF BUSINESS:**

PHASE Building Acquisition

The EDA has been working with a team from LHB on options for a new Library / Old School Arts Center / Sandstone History and Art Center space. Several options were considered that involved using the elementary addition of The Rock building, the auditorium, and some new construction that would occur to create a “campus” concept that would co-exist with the proposed housing redevelopment project for the historic school building. Those options seemed cramped and presented some conflicts and concerns with parking and traffic flow. So, the group considered constructing a new building on the vacant lot owned by the City located north of The Rock property. Cost estimates for this project were upwards of \$10 million. This seemed unachievable.

In the meantime, the State announced that it was funding the State Library Construction Grant program. This is a 50/50 match, up to a \$1M grant.

At the same time that all of this was going on, it was learned that PHASE is interested in selling their office building at 106 Main Avenue. So, the team met at the building to determine if it would be feasible for the Library. It was acknowledged that OSAC and SHAAC could not be included at this site, unless a future addition is built. However, the site would work perfectly for the Library, with more than double the space the current Library has.

The decision was made to move forward with the PHASE building for the Library and apply for the State Library Construction Grant funding. A \$2M budget was established, which includes acquisition of the property.

At the February 24<sup>th</sup> EDA meeting, Administrator George was given parameters to negotiate a purchase price with PHASE. Since that time, a purchase price of \$700,000 was negotiated and agreed upon with the owner.

In working on these documents, George stated that she realized that the process has been going through the EDA; however, the City is the applicant for the State Library Construction Grant. Therefore, the City needs to approve the Purchase Agreement and Ground Lease documents.

These documents are necessary in order to use the State grant money (if awarded) to purchase the building. After application acceptance by the State, but prior to execution of a grant agreement, the City will need to enter into a ground lease. This lease needs to have a term of at least 125% of the useful life of the project and will be reviewed by Minnesota Management & Budget. Once the lease is approved and after the grant agreement is executed, the City can use the construction grant funds to acquire and renovate the property.

**Motion Riley, second Palmer, to adopt Resolution No. 20210324-01 Approving the Purchase Agreement and Ground Lease. Motion passed 5-0.**

**ADJOURN**

**Motion Riley, second Gaede, to adjourn. Motion passed 5-0. Time 5:53 p.m.**

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Peter Spartz, Mayor

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Kathy George, Administrator