

CITY OF SANDSTONE
EDA MEETING
December 27, 2017

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Kester, Spartz, Franklin, Palmer, Devlin
Members absent: Warner
Staff present: Administrator George and Recording Secretary Nelson
Others present: Kris LaBounty, Scott Sannes

APPROVE AGENDA:

Motion Devlin, second Palmer to approve the agenda as presented. Motion carried 5-0.

APPROVE MINUTES:

Motion Palmer, second Franklin to approve the October 25, 2017 meeting minutes.
Motion carried 5-0.

PUBLIC HEARING: None

NEW BUSINESS:

EDA Membership

There is one vacant seat on the EDA. EDA Members had expressed interest in having the seat filled by someone in the banking industry. Kris LaBounty of Members Co-Operative Credit Union has expressed interest in serving. Motion Franklin, second Spartz, to recommend the City Council appoint LaBounty to the EDA. Motion carried 5-0.

Sandstone Development LLC Purchase Agreements

The Administrator reported that Sandstone Development LLC is proposing to purchase two lots at the Industrial Park:

Lot 2, Block 1, Grant Knowles Addition

Purchase Price: \$69,312.23

Assessment for Gas Utility: \$6,350.75 due at closing

Assessment for public infrastructure: maximum of \$31,382.00 to
be paid over a 25 year period, with interest

SAC/WAC due with building permit

Lot 1, Block 2, Grant Knowles Addition

Purchase Price: \$158,069.52

Assessment for Gas Utility: \$14,433.53 due at closing

Assessment for public infrastructure: maximum of \$71,568.00 to
be paid over a 25 year period, with interest

SAC/WAC due with building permit

It is not known at this point what the development plans are for these parcels. If the EDA approves the purchase agreements, a 90-day due diligence period starts. During this 90-day period, the developer has the authority to access the property and conduct various tests (soil, wetland, etc.) that they feel are necessary.

Within 30 days after the 90-day due diligence period, the EDA must hold a public hearing on the proposed sale. At this point, the developer will have a better idea of their plans and should be able to inform the EDA of more details.

The Purchase Agreements include a restrictive covenant that the buyer proposes to improve the property consistent with plans presented to the City before the expiration of the 90-day due diligence period and must commence construction within 18 months of the closing date.

If all goes well, closing will take place within 60 days after the 90-day due diligence period.

The EDA's approval of the purchase agreements is conditioned upon the sale of the property after the EDA holds the public hearing and finds the sale to be in the public interest.

Either party can cancel the purchase agreements at any time during this period – up until the closing.

Scott Sannes with SEH stated that he represents the developer. His background includes working with private sector developers. He explained that the 90-day due diligence period provides the developer with access to the property so that environmental work, planning and engineering can begin. By signing the Purchase Agreements, the developer is assured that they will be able to proceed with their project, assuming that they receive all required approvals along the way.

Sannes was asked if there would be a conflict of interest with Sannes of SEH representing the developer and SEH also being the City's engineer. Sannes stated that infrastructure standards are what they are and wetland rules follow Federal law. Therefore, he doesn't anticipate any conflict of interest and thinks that they will work together quite well. Sannes was then asked if the winter months will pose any difficulty for the developer to conduct the due diligence work. Sannes stated that he doesn't anticipate any difficulty. The property has already undergone a wetland delineation process, which is helpful.

Motion by Franklin, second by Devlin, to adopt **Resolution EDA 20171227-01 approving the Purchase Agreement for Lot 1, Block 2, Grant Knowles Addition and EDA 20171227-02 approving the Purchase Agreement for Lot 2, Block 1, Grant Knowles Addition as presented.** Motion passed 5-0.

2018 MN Governor's Deer Hunting Opener

The "Hinckley Area" is hosting the 2018 Minnesota Governor's Deer Hunting Opener. The Administrator asked if the EDA would like to create a Task Force to look into options for attracting visitors to Sandstone during this event. Franklin and Devlin volunteered to serve on the Task Force. It was suggested perhaps Dave Barsness would also be willing to serve. Administrator George will follow up. The Task Force will report back to the EDA as progress is made.

Proposed Housing Study

The Administrator presented the EDA with a proposal for a Housing Study for Sandstone from Community Partners Research. The cost of the study is \$10,900. Administrator George stated that the study will identify rental housing development needs, examine single family housing issues including lot development needs, identify rehab and preservation of existing housing, provide a good inventory of what housing currently exists, and will address any unique housing situations that may exist in the City. The finished product will include findings and recommendations specific to Sandstone.

George stated that a proposal was also requested from Maxfield Research, Inc., which is the firm that did the 2014-2015 Regional Housing Study sponsored by MN Housing Finance Agency; however, they did not submit a proposal. George stated that she has worked with Community Partners Research before and finds their work to be very thorough, and their fee to be reasonable. She stated that the expense can come from the EDA budget – Fund 228, Professional Services.

Motion by Franklin, second by Palmer, to accept the proposal for a Housing Study from Community Partners Research, Inc. for the amount of \$10,900. Motion passed 5-0.

EDA Business Breakfast

The Administrator asked if the EDA is interested in hosting an EDA Business Breakfast. She stated that all business owners would be invited and the City could update them on relevant things – planned projects, programs available, etc. She stated that it could be a helpful tool to bridge the gap between the City and business owners, creating more of a partnership to work together to address issues/needs. Council Members expressed

interest and thought it would be beneficial; perhaps in March or April. Possible locations were discussed, including the Golf Course and perhaps FCI. Motion by Palmer, second by Devlin, to approve an EDA Business Breakfast. Motion passed 5-0.

CONTINUING BUSINESS:

Various Updates

The following updates were provided:

Childcare

- Administrator George attended the Coalition of Greater Minnesota Cities (CGMC) Conference. Daycare was one of the main topics covered at the conference. There is a significant daycare shortage in rural communities. In our area (Central Minnesota), the shortfall is estimated to be 49%. Some of the conclusions of the discussion included:
 - Childcare centers don't happen on their own – partnerships among providers, businesses, nonprofits, local government and religious organizations can offer creative solutions.
 - Helping rural providers keep costs down, whether through scholarships for training or increases in Child Care Assistance Program (CCAP).
 - Aligning with school districts could help give providers the resources to care for children with special needs.
 - First Children's Finance is a non-profit organization that provides loans and business-development assistance to high-quality child care businesses serving low- and moderate-income families. They would be a great resource to reach out to as we try to define the situation here in Sandstone and identify solutions.
- The Administrator suggested perhaps holding a summit would be helpful – community members at large and current day care providers could be invited; specifically, to find out what the barriers are and work together to address them.

Northern Lights Express (NLX)

- On December 6th, Administrator George, Karl Schuettler of The Northspan Group, Mayor Spartz, and Council Member Kester met with Frank Loetterle, Project Manager in MN DOT's Passenger Rail Office. Loetterle showed that a facility in Sandstone is included in the Environmental Assessment document that is currently under review. A Finding of No Significant Impact (FONSI) is expected in mid-January. This will put the NLX in a "ready" status – ready to receive funds if and when they become available. NLX is also in discussions with Amtrak to run the line. The proposed facility has two possible locations – Sandstone or Duluth.
- It was determined that a local marketing effort is needed. Loetterle said it would be helpful to get some local letters of support and then share them with legislators and decision makers. Schuettler is working on some Sandstone-specific NLX marketing materials.
- The marketing piece will highlight the economic development potential for Sandstone and the region if the facility were constructed here, and how the facility would create greater buy-in in Pine County and make NLX a project that supports the whole corridor, not just the Twin Cities and Duluth.
- George, Loetterle, Spartz and Kester plan to attend the January 2nd County Board meeting to update them and let them know that Sandstone is still very much a viable option for a facility. This message needs to get out so that we can generate local support.

Ford Dealership

- Karl Schuettler and Randy Lasky from The Northspan Group reached out to a prospective buyer of Arlen Krantz Ford to learn about interactions with Ford to date and assess the chances of keeping the dealership in Sandstone.
 - The prospective buyer has no intention of moving the dealership.
 - Northspan researched dealer agreements with Ford and examples of other Ford dealerships to explore the city's options for retaining the dealership.
 - In general, there is little the community can do to influence the location of the dealership in the event of a sale. Ford retains the right to revoke or place conditions upon dealership status in the event of a sale of the majority of the existing operation. While a strong cash flow and new investments such as a modern facility in the business park could certainly help Sandstone's case, the ultimate decision rests with Ford and they are unlikely to make any guarantees.
 - The prospective buyer will continue to explore options and Northspan will monitor the situation.

Other Business Leads and Activities

- George and Schuettler have looked into several Community Venture Network (CVN) opportunities brought forward through GPS 45:93 and Robert Musgrove of the Pine County EDA. For a variety of reasons, we have chosen not to recruit any of these businesses directly, but will continue to stay in tune to upcoming opportunities.
- Schuettler did some background research on Sandstone Development LLC, the prospective buyer of two lots in the business park.
- Schuettler researched the potential for the construction of a curling facility in Sandstone and provided information on club formation, other facilities in small Minnesota towns, a recent large curling center development in Chaska, and the potential of portable curling rinks.

OTHER: The Administrator reported that Mr. Bonander is meeting with his attorney tomorrow (Thursday) to review his project. Bonander is also pursuing funds through the PACE (Property Assessed Clean Energy Financing) program and through the City's Small Cities Development Program.

ADJOURN

Motion Franklin, second Devlin to adjourn at 6:50 p.m. Motion carried 5-0.

Phillip Kester, President

Kathy George, Executive Director