

**City of Sandstone
EDA Meeting Minutes
June 26, 2019**

CALL TO ORDER: 6:02 p.m.

ROLL CALL: Kester, Spartz, Franklin, Devlin, Anderson and Palmer
Members absent: LaBounty
Staff present: Administrator George and Recording Secretary Nelson
Others present: None

PLEDGE OF ALLEGIANCE:

Council, guests and staff recite pledge of allegiance.

APPROVE AGENDA

**Motion Franklin, second Palmer to approve the agenda with the deletion of Bradley Brzezinski - DEED.
Motion carried 6-0.**

APPROVE MINUTES

**Motion Palmer, second Franklin to approve the minutes of the following meetings: April 24, 2019 Regular EDA Meeting; May 1, 2019 Special EDA Meeting; May 15, 2019 Special EDA Meeting; May 29, 2019 Special EDA Meeting; and June 5, 2019 Special EDA Meeting.
Motion carried 6-0.**

PUBLIC HEARING: None

NEW BUSINESS:

Management Agreement – Great Lakes Management

The EDA's Management Agreement with Great Lakes Management for the Wild River Senior Apartments and the Wild River Townhomes will expire at the end of June. Since the EDA has a pending sale of the properties, with a proposed closing date of July 19th, Great Lakes Management has agreed to sign a Memorandum of Understanding that will extend the current Agreement through July 19th. If the closing doesn't take place by July 19th, the City and GLM can agree in writing to further extend the Agreement to a later date.

Motion Devlin, second Palmer to approve the Memorandum of Understanding between Great Lakes Management Company and the Economic Development Authority of the City of Sandstone. Motion carried 6-0.

CONTINUING BUSINESS:

Sandstone Development, LLC – Request for Extension

The due diligence period on the two Purchase Agreements the EDA has executed with Sandstone Development LLC expires on July 26th. The City had previously provided a 30-day extension which was allowed in the Purchase Agreements, followed by a 60-day extension and additional earnest money, followed by a 1-year extension and additional earnest money. At the last extension request, a year ago, the EDA was told that the developer is looking for a Spring, 2019 ground breaking. The Developer is now asking for a 6-month extension to January 27, 2020. The Developer is also proposing an additional \$1,250 in earnest money on each parcel.

The original Purchase Agreements were signed on December 27, 2017. The current earnest money amount, according to the Second Amendment to the Purchase Agreements, is \$4,500 per lot; total of \$9,000.

The EDA discussed the marketing of the lots while the purchase agreements are in effect. None of the lots in the Medical/Business Park are being actively marketed. The EDA would like to have proof that the earnest money has been deposited in an escrow account.

Motion Devlin, second Franklin to grant the 6-month extension to Sandstone Development, LLC while increasing the earnest money an additional \$5,000 per lot. Motion carried 6-0.

Lundorff Drive Project Wrap-Up

Staff has been working on wrapping up several matters regarding the Lundorff Drive project; such as project expenses, grant funds, interfund loans, purchase/sale prices, and special assessments. Administrator George has been researching the expenses incurred thus far in the Grant Knowles Addition and Sandstone Business Park, each of which required categorizing. It has been a laborious process.

In regards to the purchases of the lots thus far, all were sold with a different mix of cash and assessments, with some receiving tax abatement or tax increment financing. After review and discussion, decisions to be made regarding: a) Is the price per acre applicable only to buildable acres or should it be total acres? b) For some deals, the \$31,363 per acre price was the total cost; for others, special assessments were added to that amount. Is this fair, or should there be adjustments? 3) The price charged for the Gateway Clinic does not fall into the pattern of the others; why is that? These things need to be figured out in order for the EDA to decide how to proceed with marketing and selling the rest of the lots in the industrial park.

Various Updates

The following updates were provided:

- EDA Business Breakfast – April 25th: 29 people attended. People seemed to really enjoy the speakers, especially Kenyi Okucu (61 Motel) and Anna Resier (Social Media Marketing). Lori Loew catered the event, which was held at Pam Lewis' new real estate office on Main Street. A few people provided feedback regarding areas that they could use some assistance with; such as, recruiting and keeping employees (3), formal business planning, expanding footprint (2), marketing (2), social media (2), state policies (2), local policies (2), technology improvements/updates, training employees, exporting products.
- Opportunity Zones (OZ) – Northspan has partnered with several other entities to create Minnesota Opportunity Collaborative. One of the most recent “revelations” is that investors can invest non-capital gains funds in OZ projects (it doesn't have to be only capital gains funds). Also, any earnings made on the OZ investment are also tax exempt.
- Habitat for Humanity – Surveys on the 2 lots that Habitat is interested in have been completed. EDA members asked about the other three lots and when they would be offered for sale. George stated that only one is ready to sell. She will prepare the appropriate forms and advertise the lot for sale.
- Minnesota Housing Partnership Technical Assistance – Spartz, Palmer and George have been meeting with the MHP team on the redevelopment process for The Rock. The next step in this process is to create a Request for Proposals and decide on a developer so that the team can get busy on working towards submitting a “Super RFP” to Minnesota Housing Finance Agency next spring.
- Wild River Property Sale – Many documents have been provided to the buyer, as requested in the Purchase Agreement. After consulting with several EDA members, George approved offering a severance package to Jason (\$2,500) and Jodi (\$5,000) Isaacson. The intent of the offer is to ensure that they will not terminate their employment with Great Lakes Management prior to closing on the sale.

- Business Retention & Expansion Visits – The EDA has enlisted the services of Karl Schuettler with the Northspan Group to conduct BR&E visits with select business owners. The following businesses have been selected to participate:
 - Sandstone 61 Motel
 - Arlen Krantz Ford
 - Lampert Lumber
 - Franklin’s Ben Franklin
 - Anderson Recycling
 - Midwest Country Music Theater
 - Mike Johnson Construction/MPJ Rental Ace Hardware
 - Mike Maitrejean – Minnesota T’s
 - Quality Home & Sports
 - Sandstone Health Care Center
 - Arrowhead Transit
 - Amy’s Restaurant
 - Transmissions Plus
 - Browns Beans & Greens

ADJOURN

Motion Franklin, second Devlin to adjourn at 7:12 p.m. Motion carried 6-0.

Phillip Kester, Chair

Kathy George, Executive Director