

**City of Sandstone**  
**EDA Meeting Minutes**  
**February 10, 2020**

**CALL TO ORDER:** 5:30 p.m.

**ROLL CALL:** Spartz, Anderson, Palmer, Riley, LaBounty, Gaede

Members absent: Kester

Staff present: Executive Director George; Streets and Parks Supervisor Hiler

Others present: Tyrone Grandstrand, Harlan Buckalew and Warren Kramer with Minnesota Housing Partners; Elizabeth Flannery and Heidi Rathmann with Community Housing Development Corporation (CHDC); Sandstone Librarian Jeanne Coffey

**MEET WITH CHDC REGARDING REDEVELOPMENT OF THE ROCK:**

The purpose of the Special EDA meeting was to meet with CHDC, now that they have been chosen to work with the EDA on the redevelopment of The Rock (the historic high school building). Flannery and Rathmann asked for a general overview of the history of ownership and development attempts on the property, which was provided by those present. The goal is to submit an application to Minnesota Housing Finance Agency (MHFA) in June for funding the project. With regarding to the first floor plans, it was determined that the Library, Sandstone History and Art Center, and Old School Arts Center (OSAC) folks should get together to talk about expectations and possibilities. EDA Members Palmer, Gaede, and Spartz agreed to participate in this meeting/discussion. It was noted that the project could possibly be eligible for State Library Construction funds as well, if the Legislature funds the program.

Rathmann reported that their historic consultant (Charlene) stopped by last Friday to look at the building. She had very positive feedback. Ownership roles were discussed. EDA Members stated that they are open to options/ideas as their main goal is to redevelop the property for the Library/History Center/OSAC on the first floor and apartments on the upper two floors. An elevator will need to be part of the plan.

For the Development Team, Rathmann reported that LHB has agreed to serve as the architect for the project. LHB has a long history of working with CHDC, and they also have a long history of looking at The Rock. EDA members were pleased with this choice.

Discussion turned to site control. Executive Director George will send Rathmann and Flannery information about the pending case against Manoucher Rostamkhani. Rathmann also asked about the 4 lots owned by the school in the northeast corner of the block. Previously, the City asked the School to donate the lots; however, since there wasn't a redevelopment plan, the School did not take any action. An option agreement or letter of intent is all that is required for the MHFA application. Transfer of ownership would occur at closing, if the application is successful.

Flannery asked what the financial expectations of the EDA are. EDA Members stated that they would sell the property to CHDC for \$1.00 and that they were open to discussing Tax Increment Financing (TIF). Rathmann and Flannery stated that their goal is to apply for 9% tax credits for this project.

Rathmann stated that local commitments are an important part of the scoring criteria for the MHFA application process. This includes support from local employers and businesses, the Chamber, etc. Letters of support are needed. Rathmann will send templates. Also, a Community Development Initiative Plan is needed. Rathmann will send an example of this as well. The City should look through any existing plan documents to see if The Rock was specifically referenced.

Rathmann and Flannery asked about special populations and set asides. It was reported that Lakes & Pines Community Action Council, Family Pathways, Therapeutic Services Agency, and the County Health & Human Services Department are all potential service providers. Rathmann and Flannery were also informed about the presence of PHASE and CIP in the community. They plan to reach out to the County right away.

Environmental updates were discussed. CHDC was provided with a hard copy of the Phase 1 Environmental Report that was completed in 2019. Potential financing sources include Midwest Assistance Program, Minnesota Housing Partners pre-development loans, and Federal Home Loan Bank.

It was noted that a Conditional Use Permit will be required for the development. Rathmann stated that this can wait, as it is not required for the MHFA application and typically the Planning Commission and area property owners will want to know more about the design elements during the CUP process.

Next steps include a timeline that will be provided by Rathmann and a kickoff tour of the historic preservation, engineering, and contractor folks. Rathmann and Flannery were informed about the roof repair project. A contractor was able to patch one portion of the roof; however, the second area could not be repaired due to structural damage. The team will take a look at this during the tour.

## **ADJOURN**

**Motion Anderson, second Spartz to adjourn at 6:40 p.m. Motion carried 6-0.**

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Phillip Kester, President

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Kathy George, Executive Director