

City of Sandstone
EDA Meeting Minutes
July 22, 2020

CALL TO ORDER: 6:01 p.m. This meeting took place in-person with a Zoom Video Conference option.

ROLL CALL: Spartz, LaBounty, Palmer, Rahier, Riley

Members absent: Anderson, Gaede

Staff present: Executive Director George

Others present: Jeff Klavu, Phillip Jensen, David & Donette LeTourneau, Unidentified person 'Mark' (via zoom video conferencing)

PLEDGE OF ALLEGIANCE:

EDA Members, guests and staff recite pledge of allegiance.

APPROVE AGENDA

Motion Palmer, second Rahier to approve the Agenda as presented. Motion carried 5-0.

PUBLIC HEARING:

Jeffrey Klavu – Proposed Purchase of Property

The EDA offered three parcels for sale on a sealed bid process. The parcels are 45.0040.000, 45.0101.013 and 45.0101.014, located north of the former Gateway Clinic property at 204 Lundorff Drive. Four bids were received and the EDA chose to move forward with the bid of Jeffrey Klavu for \$20,003 for all three parcels with the stated intent of building a home. Previously, the Planning Commission reviewed the EDA's proposed sale of these parcels and determined that the sale is in line with the City's Comprehensive Plan. The EDA had the parcels appraised to set the asking price.

Administrator George shared information with the EDA regarding the use of the platted road right-of-way, stating that a License Agreement will be required and suggesting that the EDA notify the other property owners located along the ROW. She further noted that Minnesota Statutes require the purchaser to devote the property to its intended use or begin work on the intended improvements to the property to devote it to that use within one year from the date of purchase.

Motion Riley, second Palmer, to open the Public Hearing. Motion carried 5-0.

Klavu explained that he currently lives in Willow River. He plans to build a cabin, later clarified as a future year-round home. He stated that he is aware of the costs of running utilities to the property. His building plans, he stated, are a few years out, when he saves up enough money.

David & Donette LeTourneau stated that they own property adjacent to these parcels and that they, too, placed a bid for all three parcels. They challenged the process, stating that they did not know the City would allow an easement for access. They further stated that they did not fully disclose their intended use of the property and were thinking about developing Air B&B's. They further noted that there are wetlands located over the platted road right-of-way. They asked where Klavu intended to build his cabin.

EDA President LaBounty noted that the decision to accept the bid from Klavu was strictly a business decision by the EDA.

With no further comments from the public, **motion Palmer, second Rahier to close the Public Hearing. Motion carried 5-0.**

EDA members then reviewed the proposed Purchase Agreement. It was noted that the earnest money provided was \$500, not \$1,000 as stated in the Purchase Agreement. A due diligence period of 60 days allows Klavu to examine and inspect the property. Closing is to occur no later than 30 days following the due diligence period. Closing costs were reviewed, and it was noted that the parcels are being sold “as-is”.

EDA members discussed the Restrictive Covenant clause with Klavu. Currently, the Purchase Agreement states that the buyer must obtain a permit for construction of the improvements and shows progress and the buyer must construct the unimproved roadway/access driveway within 12 months of the closing date. **Motion Riley, second Rahier to only require the construction of the unimproved roadway/access driveway and not to require that a permit for construction be obtained. Motion carried 5-0.**

Motion Riley, second Palmer, to adopt Resolution No. 20200722-01 Approving the Purchase Agreement Between the EDA and Jeffrey Andrew Klavu as amended. Motion carried 5-0.

APPROVE MINUTES

Motion Spartz, second Rahier to approve the minutes of the June 24, 2020 Regular EDA Meeting. Motion carried 5-0.

Motion Palmer, second Riley to approve the minutes of the July 13, 2020 Special EDA Meeting. Motion carried 5-0.

NEW BUSINESS:

Sandstone Development, LLC

The due diligence period on the two Purchase Agreements expires on July 27, 2020. 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, followed by a 6-month extension with additional earnest money; and followed by another 6-month extension with additional earnest money. At the previous extension request in January, the Developer agreed that we could hold the required public hearing on August 26th; additionally, the EDA agreed to drop the special assessments that were included in the original Purchase Agreement.

The Developer is now asking for a 1-year extension to July 27, 2021. The original Purchase Agreements were signed on December 27, 2017. The current earnest money amount, according to the Fourth Amendment to the Purchase Agreements, is \$14,500 per lot; total of \$29,000.

The Developer’s communication states that this is an active project; however, COVID-19 has slowed down the construction schedule and they do not intent to begin construction until next year. The Developer is not willing to pay additional non-refundable earnest money for this extension.

Motion Riley, second Palmer to approve the Fifth Amendment to the Purchase Agreement for Lot 2, Block 1 and Lot 1, Block 2, Grant Knowles Addition extending the Due Diligence period to July 27, 2021. Motion carried 5-0.

CONTINUING BUSINESS:

Various Updates

- The Rock Redevelopment

- The application for funding to Minnesota Housing Finance Agency (MHFA) has been **submitted**. The total points we were able to claim on the application documents is 121 – which is fantastic!! Now, we wait until November/December to see if the project will be funded.
- EDA Members reviewed a handout prepared by CHDC that could be used to help inform the public about the details of the housing project. Suggestions were made for some changes and then the EDA would like to send it out via ever-door-direct through the Post Office.
- Library / History / Art Civic Spaces
 - Pre-Design Work: The LHB Team is planning to meet with the steering committee to finalize a work plan and schedule that achieves the goals of the partner organizations. Stacey Demmer will be our main contact for the LHB team. It is anticipated that this meeting will be scheduled in August.
- Properties for Sale
 - The 2 lots north of Grouse have been listed with Pam Lewis. The EDA is pursuing an offer on one of the parcels. The required Right of First Refusal notice has been delivered to the Sandstone Area Golf Course. SAGC is allowed up to 15 days to match the offer; otherwise, the EDA will proceed with the proposed buyer.
- Tom Willett – Small Business Development Center (SBDC) – He has been in Sandstone the 2nd and 4th Tuesday every month and has made contact with several businesses.
- The Hospital District is very interested in working with the EDA as they look for opportunities to bring health care related services to town. One area of interest they are talking about is addiction treatment services. Coincidentally, the City was contacted by a person who wants to start such a service at the Ben Franklin property. This person was put in contact with the Hospital District and the group of met on Thursday, July 16th, to hear about the plans. They are in the very early stages of the planning process.
- CARES Act Funding. Funds are being distributed to Towns, Cities and Counties that can be used for various COVID-19 related expenses. Pine County is expecting to receive approximately \$3.6 million. The City of Sandstone is slated to receive about \$202,000. These are grant funds – not loan funds. Pine County cities are working together with the County to discuss how best to get these funds out to those who need it most. It sounds like there is interest in having the Initiative Foundation administer the process for our funds. It may be possible for the EDA to reimburse itself for the COVID-19 Emergency Relief Loans that have been granted, making those loans grants to the businesses. More exploration and discussion are needed regarding this possibility.
- The City was contacted by DEED to respond to a request for information from a company who is looking to build a manufacturing facility. Karl Schuettler, Northspan Group, helped with the response, which was due July 10th.
- Wayne Eller, Central MN Habitat for Humanity, provided an update. They will be publicizing their projects at 313 and 605 Park this fall, starting the selection process for the two families who will be chosen to build new homes on these properties.
- Recording Secretary Kara Nelson has tendered her resignation.

ADJOURN

Motion Riley, second Palmer to adjourn at 7:00 p.m. Motion carried 5-0.

Kristin LaBounty, President

Kathy George, Executive Director