

**City of Sandstone
EDA Meeting Minutes
January 24, 2024**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Peter Spartz, Val Palmer, Cassie Gaede, Randy Riley, Matt Anderson, Tim Schmutzer

Members absent: Julena Rahier

Staff present: Executive Director Kathy George

Others present: Bill Kersey, Humphrey Students: Mallory Prangley, Macklyn Hutchison, Ryan Walz, John Miceych

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

Motion Gaede, second Riley to approve the Agenda with the addition of Octavio Perez Loan Request. Motion carried 6-0.

APPROVE MINUTES

Motion Spartz, second Gaede to approve the minutes of the December 27, 2023 Regular EDA meeting. Motion carried 6-0.

PUBLIC HEARING/PRESENTATION:

Presentation: Downtown Redevelopment Plan – Humphrey Students

The EDA is working with students from the UofM Humphrey School of Public Affairs on a downtown redevelopment plan for Sandstone, as their capstone project. The team consists of Mallory Prangley, Macklyn Hutchison, Ryan Walz, John Miceych. They arrived earlier today to take in a tour of the downtown area. They also attended Ice Fest on January 13th to interview participants, gathering tourists' perspectives on Sandstone.

The purpose of the project is to assist the EDA to redevelop the downtown area, leveraging a range of outdoor activities and other community assets to attract higher numbers of visitors, while also creating wealth generation opportunities for local residents and business owners. The students seek to provide information on potential redevelopment strategies and outcomes, emphasizing how the City's natural and cultural assets can support economic development. At the end of the project, they will deliver a paper report and interactive digital interface conveying information from the report.

The team engaged EDA members on their perspectives of the biggest opportunities in redeveloping the downtown area, what suggestions they have for areas to explore, and on ways to make their report most helpful. Weekly virtual meetings are planned, with a final presentation being made on April 24th.

Historic Sandstone School

First Amendment to Purchase Agreement

At the December meeting, the EDA approved a Purchase Agreement with New Rock, LLC (Meghan Elliott) for the Historic Sandstone School property, excluding the auditorium. In

reviewing the grant agreement from the MN Historical Society for the roof construction project, it was noted that a Letter of Agreement is required governing use of the historic site and assuming responsibility to maintain the property for 10 years. This obligation will need to be passed on to New Rock, LLC when they take ownership. The City Attorney prepared the First Amendment to the Purchase Agreement to address this obligation.

Motion Schmutzer, second Riley to approve the First Amendment to the Purchase Agreement between the EDA and New Rock, LLC regarding the Historic Sandstone School. Motion carried 6-0.

Other Updates

- Discussions continue with Mille Lacs Corporate Ventures regarding their involvement in the project.
- Discussions continue with the Initiative Foundation for potential funding.
- A Community Involvement / Engagement Plan has been prepared, which is a requirement for the DEED EPA Loan. This plan will be distributed to the community and comments will be collected.
- City Attorney Gina Fiorini and Shannon Sweeney of David Drown Associates are assisting the team in negotiating with DEED regarding the collateral requirement for the EPA Revolving Loan Fund (RLF) loan; a portion of which is needed for the abatement work, with the remainder earmarked for the housing development. This loan will be paid back with rental income generated when the project is complete.
- Demolition of the one-story addition is scheduled to begin in February. The team is working on signage that can be placed on the construction fencing, or nearby, to inform the public and promote the project.
- The application for a \$600,000 grant from DEED's Small Cities Development Program (SCDP) was not approved for funding. The team will follow up with the program administrators for feedback.
- The team is working to figure out the best way to legally separate the auditorium from the rest of the building.
- It was determined that the Small Business Association (SBA) Loan program is not a good fit for the project.
- It's possible to apply for another MNHS grant once the roof project is closed out; perhaps to fund window replacement.

New Life Thrift Shop Lease

The EDA owns the former True Value property, 310 Main Ave N, and redeveloped the buildings for use as a business incubator. New Life Thrift Shop was approved to operate in the building. They opened on November 24, 2023. A Lease Agreement has been drafted in accordance with previous direction received by the EDA, and feedback received from New Life. The Lease term is 3 years, January 1, 2024 through December 31, 2026, and is renewable. New Life is responsible for all utilities for the property, along with insurance on their fixtures and personal property, and general commercial liability insurance.

Motion Riley, second Anderson to approve the Lease Agreement, as amended, with New Life Thrift Shop concerning the use of 310 Main Avenue North. Motion carried 6-0.

Octavio Perez Loan Application

The EDA received a loan application from Octavio Perez, asking for \$50,000 to refinance his current EDA loan and provide cash that will allow him to pay off another loan, thus reducing his interest expense, which will help with cash flow. His current loan balance is \$17,758.69. Currently, the EDA Community Economic Development (CED) Loan Fund balance is \$101,860.63.

Motion Riley, second Spartz to approve a Community Economic Development Loan in the amount of \$50,000 for Octavio Perez. Motion carried 6-0.

Various Other Updates

Pine County Transportation & Logistics Analysis

Core Team and Steering Committee meetings continue.

- The draft report was provided on January 5th; Committee members are reviewing it now
- The final Steering Committee meeting will be on February 1st
- The final report will be provided shortly thereafter

Community Business Partnership Loans – Default

- Ascertain Recovery – current balance \$13,650.12
- JC Bean Scene – current balance \$19,446.76

Carly Anderson has agreed that the City/EDA can sell the coffee shop equipment and all of the other equipment in the building and apply the proceeds towards paying off the loans. If there are any proceeds left over, they will be forwarded to Anderson.

ADJOURN

Motion Gaede, second Riley to adjourn at 7:25 p.m. Motion carried 6-0.

Valerie Palmer, President

Kathy George, Executive Director