

**City of Sandstone  
EDA Meeting Minutes  
February 28, 2024**

**CALL TO ORDER:** 6:01 p.m.

**ROLL CALL:** Peter Spartz, Val Palmer, Cassie Gaede, Randy Riley, Matt Anderson, Julena Rahier  
Members absent: Tim Schmutzer  
Staff present: Executive Director Kathy George  
Others present: None

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

**Motion Riley, second Gaede to approve the Agenda with the addition of Closed Session to Discuss Potential Property Purchase. Motion carried 6-0.**

**APPROVE MINUTES**

**Motion Gaede, second Rahier to approve the minutes of the January 24, 2024 Regular EDA meeting. Motion carried 6-0.**

**PUBLIC HEARING/PRESENTATION:** None

Historic Sandstone School

Proposal for Demolition-Related Dust Monitoring Services

This work was verbally authorized just prior to demolition because Braun was going to install the monitors over the weekend of February 17-18, and demolition was starting on February 19th. The cost is \$14,800 for dust monitoring, oversight and reporting, dust monitoring equipment, monitor deployment and on-site oversight, and close-out reporting to include air monitoring results. This expense will be submitted for 50% reimbursement on the DEED Redevelopment Grant. The other 50% will be covered from the EPA Loan.

Agreement for Environmental Cleanup Services

This work includes all labor, materials, tools and equipment necessary to perform the asbestos roofing abatement and related environmental consulting services on the roof, which needs to be done prior to the roof repair/replacement project. The cost is \$32,955. This expense will be submitted for 50% reimbursement on the DEED Redevelopment Grant. The other 50% will be covered from the EPA Loan.

Proposal for Special Inspection and Testing Services

This work is for inspection and materials testing services related to the roof repair/replacement project. The estimated cost is \$6,938. This expense is part of the MN Historical Society Grant.

**Motion Riley, second Rahier to approve proposals from Braun Intertec regarding demolition-related dust monitoring services for \$14,800, environmental cleanup services for \$32,955, and inspection and testing services for \$6,938, all related to the Historic Sandstone School redevelopment project. Motion carried 6-0.**

### Resolution No. 20240228-01 Supporting Reuse of the Auditorium

The EDA members have been supportive of pursuing State Bond funds for the potential reuse of the auditorium portion of the Historic Sandstone School property for the Sandstone History and Art Center. A request was submitted last fall, seeking \$1,979,000 towards the auditorium redevelopment project. The Legislators are in session now, and they are working on the bonding bill. Appointments have been made to meet with Senator Rarick and Representative Nelson on March 7th. Other appointments are being attempted as well. Letters are needed from the community supporting the reuse – currently in the works. The EDA is asked to provide a Resolution of support for the reuse.

**Motion Gaede, second Palmer to adopt Resolution No. 20240228-01 supporting reuse of the auditorium portion of the Historic Sandstone School. Motion carried 6-0.**

### Other Updates

- Discussions continue with the Initiative Foundation for potential funding.
- The Community Involvement / Engagement Plan has been distributed via every door direct mailing, Facebook, newspaper press release. The plan is available on the City website. Comments are being 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 began on February 19th and has gone well. A bucket of bricks from the one-story addition have been collected and will be made available to people as souvenirs. Some additional shoring was done to reinforce the arch entrance that is now exposed. Additional stabilization of this arch area will be included in the housing redevelopment portion of the project.
- The roofing contractor (Frerichs) plans to mobilize on the site in mid-March. Comments from the State Historic Preservation Office (SHPO) have been received and the contract with the MN Historical Society has been signed; therefore, construction can begin.
- The team is working to figure out the best way to legally separate the auditorium from the rest of the building – which appears to be a minor subdivision using metes and bounds legal descriptions. A public hearing will be required before the Planning Commission in the future.
- The Planning Commission and City Council have approved variances regarding zero lot line setbacks for the south wall of the Historic Sandstone School and zero lot line setbacks on all sides of the auditorium. A Conditional Use Permit was also approved for the 31-unit workforce housing use of the Historic Sandstone School and the north addition.
- The Workforce Housing Development Program grant offered through Minnesota Housing has now been released, with applications due April 30th. Meghan and Kathy are working to submit an application. A zoom meeting has been arranged to talk with the administrators to get a clear understanding of what we need to do to submit the best application possible.
- The Federal Home Loan Bank is also a possible funding source and is being kept on the radar.
- It's possible to apply for another MNHS grant once the roof project is closed out; perhaps to fund window replacement.

### Various Other Updates

### Potential Interest in Business Park

The City has been contacted by DEED that a Minnesota business is looking to expand their food processing operation. Due to the size of land needed, Sandstone is one of four possible sites they are interested in. One of the positive comments they made about Sandstone was our Land for a Dollar program, and the fact that there isn't a residential neighborhood close by. The biggest downside is the perception of the lack of workforce in our area. They will need 100+ employees. DEED is working with the City to respond to the workforce possibilities, possibly drawing Pine Tech into the conversation. Currently, we are in the information sharing stage and are hopeful that a site visit will be the next step.

### Downtown Redevelopment Plan

The Humphrey School team have been in town conducting interviews with businesses. Another visit to town is anticipated for March 12<sup>th</sup>. Key takeaways at this point include marketing and promotion, lodging, beautification, regional partnerships, transportation (including trail connections, parking, sidewalk improvements), grassroots development, infrastructure improvements, historic designation, and housing.

### Midwest Properties of Sandstone – Subordination Agreement

- The developer/owner has agreed to pay off the \$92,647 Promissory Note for the purchase of the property (Golden Horizons)
- A snag in the process has occurred and Golden Horizons is moving ahead with creating a separate access to the property from Lundorff Drive (rather than the shared access they have right now with the hospital)
- Closing is pushed back a couple of months

### Pine County Transportation & Logistics Analysis

The Final Report has been provided and was e-mailed to all EDA members separately. The conclusion is that, basically, there are three industries in Pine County that could benefit from a transload facility located in Pine County. Pine County Economic Development Coordinator Lezlie Sauter, Hinckley City Administrator Leaha Jackson, and Administrator Kathy George will meet with CPCS Consultant Eric Oberhart on March 13<sup>th</sup> to discuss next steps. Oberhart will also make a presentation at the March 27<sup>th</sup> Pine County EDA/HRA meeting, which starts at 1:00 p.m. Zoom attendance is an option. It would be helpful if EDA members can attend.

### Current Meetings Attended

February 20<sup>th</sup> – Grand Rapids: Spark Collaborative. Some State programs will be looked into regarding funding for a geothermal system at the Historic Sandstone School property. ILT (I Like That) offers fully-funded scholarships for business owners – this information/resource will be shared with Sandstone business owners.

February 23<sup>rd</sup> – Mora: Small Business Summit. Pine County is getting a new SBDC consultant who will be responsible for Pine and Kanabec Counties.

CLOSED SESSION

**Motion Gaede, second Anderson to close the meeting at 6:22 p.m. in accordance with Minnesota Statute 13D.05, subdivision 3(c)(3), to consider offers or counteroffers for the purchase of real property identified as parcels 45.5310.000, 45.5316.000, and 45.5317.000. Motion carried 6-0. The meeting was reopened at 6:51 p.m.**

**ADJOURN**

**Motion Riley, second Rahier to adjourn at 6:52 p.m. Motion carried 6-0.**

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Valerie Palmer, President

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Kathy George, Executive Director