

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

**CALL TO ORDER:** 6:07 p.m.

**ROLL CALL:** Val Palmer, Randy Riley, Julena Rahier, Tim Schmutzer, Cassie Gaede, Peter Spartz (attended virtually)

Members absent: Matt Anderson

Staff present: Executive Director Kathy George

Others present: Macklyn Hutchison, John Micevych, Mallory Prangle, Ryan Walz

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

**Motion Gaede, second Rahier to approve the Agenda as presented. Motion carried 6-0.**

**APPROVE MINUTES**

**Motion Rahier, second Gaede to approve the minutes of the March 27, 2024 Regular EDA meeting. Motion carried 6-0.**

**PUBLIC HEARING/PRESENTATION:**

Presentation: Downtown Redevelopment Plan

Macklyn Hutchison, John Micevych, Mallory Prangle and Ryan Walz presented their findings and recommendations regarding the Downtown Redevelopment Plan they worked on as a Capstone project through the UofM Humphrey School of Public Affairs. They created an interactive report that can be posted on the City's website and elsewhere for others to view, which highlights the top 19 recommendations from the Downtown Redevelopment Plan, which was created after the team reviewed prior reports and studies the City had completed, conducted visitor and business interviews in Sandstone, reviewed economic data and case studies, and used impact and feasibility as measures to select top priorities from the recommendation list. EDA members were very appreciative of the work the team put into this project and expressed interest in moving forward with implementation.

Historic Sandstone School

Braun Intertec Proposal

The EDA is working with Meghan Elliott to redevelop the Historic Sandstone School into 31 units of workforce housing. Braun Intertec has been leading the abatement work for this project. Being mindful of available funds, Elliott is trying to limit the abatement work to only what is needed for each step of the stabilization process.

The current proposal is for limited asbestos abatement, environmental clean-up, and related environmental consulting services. Tasks include: Conduct abatement of asbestos-containing materials, and remediation of lead-based paint, and mold (microbial growth) from the portions of the 2nd and 3rd floor of the 1910 and 1901 buildings scheduled for renovation. Work should be completed within 10-15 days after starting.

The cost is estimated to be \$73,971, subject to any additions and deductions for changes made. 50% of this cost is covered by the DEED grant, and 50% is covered by other matching funds (EPA Revolving Loan or TIF funds).

**Motion Riley, second Rahier to accept the proposal from Braun Intertec for limited abatement work at the Historic Sandstone School to support the roof repair and replacement project in the estimated amount of \$73,971. Motion carried 6-0.**

Resolution No. 20240424-01 Supporting Redevelopment Project

**Motion Schmutzer, second Riley to adopt Resolution No. 20240424-01 Supporting the Redevelopment of the Historic Sandstone School into 31 Units of Workforce Housing. Motion carried 6-0.**

#### Other Updates

The Initiative Foundation has provided a letter of intent to provide subordinated financing in the amount of \$500,000 pending the award of the Workforce Housing Development Program funding from MN Housing. This loan would be used towards the housing construction and would be paid back from the rental income generated when the project is complete.

MN DEED has provided a letter of intent to provide \$760,625 in funds from the MN Contamination Revolving Loan Fund (MCRLF) for the clean up of the project site for the purpose of redevelopment and revitalization. A portion of these funds are 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.

Mobilization of the roofing contractor (Frerichs) was delayed. Targeted abatement work (related only to the roof) will begin April 22nd (Braun Proposal). The scope of the roofing project, at this time, is just the 3-story historic building (not the auditorium or the 2-story north addition).

The Workforce Housing Development Program grant application is due April 30th. Meghan Elliott and Kathy George are working with Sarah Larson (Landon Group) to submit the application.

The Pine County HRA/EDA approved a \$75,000 grant and a \$75,000 loan towards the housing development.

Elliott and George met with Sam Barney, Essentia, on April 19th. He will put us in contact with the Essentia Foundation. He will also talk to Essentia people about whether or not they could participate in the State housing tax incentive that was created in 2023. Elliott is looking for others who may be interested in participating in this new tax incentive as well.

Elliott & George met with Christian Nordeng from MN DEED's Small Cities Development Program to receive feedback for the denial received on the application we submitted. He said our application was not approved for funding because the City will be transferring the property to Elliott (New Rock). Once Elliott owns the building, the City can apply for the program, receive the funds (hopefully) and then loan those funds to Elliott for improvements to the building. The loan would be a forgivable loan over a 10-year time period (10% forgiven each year that Elliott continues to own the property).

Senators Klobuchar and Smith, and Representative Stauber, are asking for projects to be considered for Congressionally Designated Spending. Elliott plans to submit requests to all three (again).

EDA President Val Palmer will be giving a presentation on the redevelopment project on behalf of the Sandstone History & Art Center on Saturday, April 27th at the Sandstone Public Library.

### 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. Pine Tech recently reported record-breaking enrollment, which has been shared with DEED.

#### 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)
  - The access project is now proceeding, building permits have been issued
- Closing is pushed back a couple of months

#### Ascertain Recovery / JC Bean Scene Loan Default

Two auctions have been conducted; the first one netted \$2,494.00, the second one netted \$1,609.29. A third auction is up now, ending May 1st. The City took some of the items, which will be detailed and a fair price will be paid from the City to the EDA loan fund to help offset the outstanding balance.

There is interest in the coffee shop. The person is working with the Small Business Development Center on a business plan. She has also been in contact with the new owner of the Ben Franklin building.

#### MN Dept of Agriculture – Creosote Cleanup

Two new wells are being installed at 618 Eisenhower Street. Conversations continue with the MPCA regarding cleanup issues on the Slama property (namely, disposal of the tires).

#### True Value Building – Garage Leaks

With the recent rains, the Thrift Store folks have reported (and City staff have witnessed) water coming into the garage building; basically, it's coming in from the southwest corner and from the northeast corner. Two proposals have been received from Steve Harrison, DemoSubs Construction:

- Remove and replace existing metal roof, install new plywood roof sheathing, install ice & water barrier, install new standing seam metal roof & trim, install snow bars on south side – total cost is \$48,300.00.
- Correct grade at northwest corner of garage building, remove existing asphalt 2 feet from building, flash and place new concrete pitched away from building – total cost is \$3,600.00

EDA Members supported moving forward with this work.

**ADJOURN**

**Motion Rahier, second Riley to adjourn at 7:30 p.m. Motion carried 6-0.**

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Valerie Palmer, President

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Kathy George, Executive Director