

**City of Sandstone  
EDA Meeting Minutes  
October 23, 2024**

**CALL TO ORDER:** 6:00 p.m.

**ROLL CALL:** Val Palmer, Julena Rahier, Matt Anderson, Cassie Gaede, Peter Spartz, Randy Riley  
Members absent: Tim Schmutzer

Staff present: Executive Director Kathy George

Others present: Bill Kersey, Kathy & Jeff Jensen, Meghan Elliott (via Zoom)

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

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

**APPROVE MINUTES**

**Motion Spartz, second Riley to approve the minutes of the September 25, 2024 Regular EDA meeting. Motion carried 6-0.**

**PUBLIC HEARING/PRESENTATION:**

Public Hearing: 313 Commercial Avenue North Lot Purchase

**Motion Gaede, second Rahier to open the Public Hearing to consider the Purchase of 313 Commercial Avenue North at 6:04 p.m. Motion carried 6-0.**

The EDA met in closed session last month to discuss the potential purchase of 313 Commercial Avenue North, and to consider the proposed purchase price. Kathy Jensen, owner of the property, has accepted the EDA's offer of \$65,000 and allowing Jensen 90 days from the closing date to vacate the premises.

The EDA is required to hold a Public Hearing before purchasing property. The Public Hearing notice was published in the 10/10 and 10/17 editions of the *North Pine County News*. No comments from the public have been received.

Chair Palmer called for comments from the public. Kathy Jensen explained that she has been trying to go through all of her personal items and she was contemplating bringing in a temporary storage container; however, they are only allowed for 30 days in the Historic Downtown District. She is talking with a contractor and Building Official Richard Drotning about building a shed on the Country Music Theater property to use as storage. She stated that she would like more time to coordinate these things.

**Motion Gaede, second Riley to close the public hearing at 6:19 p.m. Motion carried 6-0.** No further action was taken. This matter will be continued at the November 27<sup>th</sup> EDA meeting.

Historic Sandstone School

Meghan Elliott Update

Developer Meghan Elliott attended the meeting via Zoom to provide updates regarding the project. The Phase A timeline (abatement and building stabilization) has been extended to May 2025. With the roof repair complete, the building will need to dry out over the next several months, with final hazardous materials abatement occurring in the spring. Phase B (workforce housing) is anticipated to begin in June 2025. Elliott is working with Minnesota Power and has submitted a request to the Minnesota Climate Innovation Finance Authority for assistance with a geothermal energy system for the housing project. It is hoped that Phase C (History and Art Center) can run concurrent with Phase B, depending on funding.

Elliott reviewed the budget for the three stages and noted that Phase A has a healthy contingency balance. Phase B has a gap of \$2,054,415, with several funding sources being pursued. She is also working on the potential for geothermal for heating and cooling, which is 33% funded at this point.

Elliott then discussed the State Historic Tax Credit program that was created in 2022. This program allows Minnesota businesses and individual taxpayers to contribute directly to a housing project and receive an 85% income tax refund. Spartz, Palmer and George met earlier today to discuss the plan to reach out to local taxpayers and present this opportunity.

Frerichs Construction Company:

Change Order No. 2

Frerichs submitted a Contract Change Order for damage that was done to the asphalt drive lane, resulting in a deduction of \$4,896.00.

Application for Payment No. 6 - Final

Application for Payment No. 6 was submitted representing 100% of work completed on the Historic Sandstone School Roof Stabilization project in the amount of \$159,720.00. All items on the close out checklist have been completed and accepted by the architect. The original contract was \$1,193,792.00. Change orders total \$149,203.00, for a final contract amount of \$1,342,995.00.

**Motion Riley, second Rahier to approve Frerichs Construction Company Change Order No. 2, a deduction of \$4,896.00, and further to approve Application for Payment No. 6 representing 100% of work completed on the Historic Sandstone School Roof Stabilization project in the amount of \$159,720.00. Motion carried 6-0.**

DEED: MN Clean Up Revolving Loan Fund Resolution

The City has been working with DEED to secure a MN Clean Up Revolving Loan, which will be paid back with proceeds from the Housing operation. These funds pair with the DEED clean up grant and City funds towards the stabilization phase of the project (roof, hazardous materials abatement, demolition of the one-story addition).

Proposed Loan Terms:

Maximum Loan Amount: \$760,625

Maturity: 10 years

Amortization Schedule: 20 years  
Interest-Only Period: 2 years  
Interest Rate: 1.0%

Conversations continue with DEED regarding the EPA Revolving Loan Fund – DEED is still asking for the funds to be backed by a GO Bond issued by the City. Meghan Elliott, Shannon Sweeney (David Drown Associates), Gina Fiorini (City Attorney) and Kathy George have been meeting to discuss options and possibilities.

**Motion Rahier, second Riley to adopt Resolution No. 20241023-02 Approving the Minnesota Cleanup Revolving Loan Fund Application for the Historic Sandstone School project. Motion carried 6-0.**

Various Additional Updates regarding the Historic Sandstone School Redevelopment Project  
Construction Fencing: Elliott is working with the fencing contractor to keep the fence in place until the next phase of the project starts.

The Workforce Housing Development Program grant application was APPROVED. We have been awarded \$3,950,000 and are awaiting contract documents/next steps.

Requests for Congressionally Designated Spending were submitted to Senators Klobuchar and Smith, and Representative Stauber. The request is included in the Senate Appropriations Bill. Representative Stauber denied assistance (a follow up meeting took place October 21<sup>st</sup> to discuss the potential for Stauber's support; additional information will be provided to his office).

The Essentia Board will meet November 7th and is expected to approve the funding request in the amount of \$179,400.

Elliott will provide new legal descriptions and surveys for legally separating the auditorium which George can present to the County to see if anything additional will be required. A public hearing will be held before the Planning Commission once the County's process is confirmed.

DEED's Small Cities Development Program is a possible funding source once the property transfers to the developer. George has followed up with DEED regarding the property ownership parameters. She was told to move forward with submitting the pre-application, being sure to explain the plan to transfer ownership of the property.

City staff will conduct weekly walk-thru inspections of the property, now that we have a pause in contractors being present.

Elliott is reaching out to the Federal EDA representative regarding potential funding opportunities.

#### Various Updates (General)

##### Bonander Properties

Closing took place on Friday, October 18<sup>th</sup> regarding 222 Main (Furniture Store) – now owned by Matt Gebhart.

Requests for Proposals are out for the demolition of 302 Main (Colonial building) and are due November 15<sup>th</sup>.

306 Main (Gas Light) – the contractor thought they would start on separating the Gas Light from the Colonial the week of October 14<sup>th</sup>; but, that hasn't happened.

#### Project W

We received a request for information on rail-served industrial sites for a manufacturing outfit. Requested information was submitted; however, the request was intended for the Greater MSP region, which does not include Pine County.

#### Ascertain Recovery / JC Bean Scene

All remaining coffee shop items will be going on the auction site soon. Once this final auction is complete, collection efforts will begin for the remaining balances on the two loans.

#### Downtown Redevelopment Plan – Next Steps

The streetscape project has been submitted for a UofM Empowering Small Communities Impact Project.

#### Business Park Sign

Landscaping was added to the Business Park Sign. PW Director Hiler met with the contractor on-site to discuss options.

#### Billboard

The Minnesota Climbers Association has a graphic design artist on their board (Theresa Ptak). EDA members reviewed proposed artwork and recommendations will be shared with Ptak. EDA members also reviewed the locations of the two available billboards and determined which one they are interested in.

### **ADJOURN**

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

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Valerie Palmer, President

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Kathy George, Executive Director