

**City of Sandstone  
EDA Meeting Minutes  
January 22, 2025**

**CALL TO ORDER:** 6:04 p.m.

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

Members absent: Randy Riley

Staff present: Executive Director Kathy George

Others present: Bill Kersey

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

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

**APPROVE MINUTES**

**Motion Gaede, second Rahier to approve the minutes of the December 4, 2024 Regular EDA meeting. Motion carried 6-0.**

**PUBLIC HEARING/PRESENTATION:** None

B&M LLC: Community Business Partnership Loan

Brad McKay, B&M LLC doing business as Sandstone Pizza & Deli at 410 Main Avenue, applied for a Community Business Partnership Loan in the amount of \$6,000. His delivery vehicle broke down and was in need of repair. He then decided to purchase a different vehicle, rather than repair the current vehicle. This all occurred on December 19<sup>th</sup> – the day before Executive Director George was leaving for a 2-week vacation, and in between EDA meetings. She sent an e-mail poll out to EDA members and received overwhelming support for the loan. Therefore, she proceeded to execute the loan documents with McKay and issue the check. This is a 5-year loan at 7.5% interest.

**Motion Rahier, second Gaede to approve the Community Business Partnership Loan for B&M LLC in the amount of \$6,000 at 7.5% interest for a 5-year term. Motion carried 6-0.**

Gas Light (306 Main Ave) – Next Steps

Now that the Colonial Building (302 Main) has been demolished, the EDA discussed next steps regarding the Gas Light (306 Main) property, and the bare lot at 302 Main. After considering several possibilities, consensus of the EDA is to offer the Gas Light (306 Main) and the bare lot together in a Request for Proposals, similar to what was done for the Family Dollar Building.

Matt Gebhart (222 Main Ave) Termination and Release of Right of Reentry

The EDA sold 222 Main Avenue to Matt Gebhart in October, 2024. The Deed included three restrictive covenants, one of which is described as a Right of Reentry. The structure has now been demolished as required and Gebhart has asked for termination and release of the EDA's right of reentry. Two other restrictions remain in place.

**Motion Gaede, second Schmutzer to approve the Termination and Release of Right of Reentry for Matt Gebhart regarding Lot 12 Block 9 Townsite of Sandstone Quarries, 222 Main Avenue. Motion carried 6-0.**

Historic Sandstone School: Project Updates

The team is still working with DEED on the contract for the EPA Revolving Loan in the amount of \$767,625 at 1% interest. DEED will loan the money to the City; the City will use the funds for hazardous materials abatement (lead, asbestos, mold, and hazardous waste), as matching funds for the DEED Redevelopment Grant the City received. This loan will be paid back by the developer. Major issues to resolve: (1) DEED is requiring the City issue a Bond to secure the Loan; the only way for the City to do this is through an abatement bond; the City is limited on the amount of debt it can carry each year for abatement bonds; (2) DEED requires a balloon payment in 10 years; (3) the hazardous materials abatement work needs to finish up this spring so that the housing development can begin this summer. The team is working with DEED on these details (and other details).

Braun Intertec will provide a revised scope of work for the remaining hazardous materials abatement (some work has been done to move forward with the demolition of the 1-story addition and for the roofing project). Braun hopes to advertise for the subcontractor in February, with proposals brought to the 2/26 EDA meeting.

Regarding the MN Housing Workforce Housing Grant, a subgrant agreement will be needed between the City and Meghan Elliott/Jillpine.

- A master subgrant agreement will be crafted covering all of the grants the City has received for the housing redevelopment project, as many of their stipulations and requirements will transfer to Elliott when she takes ownership of the building.

Elliott plans to apply for a T-Mobile grant for the sidewalk and drive lane. Applications are due 12/31.

George is working on an application to the US EDA for a renewable energy grant.

The team is working to promote the new State Housing Tax Credit Program that allows Minnesota taxpayers to allocate their State tax obligation to specific projects; namely, the Historic Sandstone School project. This is a unique and wonderful way for people to dictate to the State how they want their State tax dollars to be used. Elliott has secured over \$1,113,000 so far. The program will re-open in February for 2025 commitments.

Elliott is working with LHB on the designs for the housing conversion. The preliminary plan of installing an elevator has been changed; there will not be an elevator in the building; however, she is pursuing Limited Use/Limited Access (LULA), which involves a “lift” for each level.

The Planning Commission and the City Council have approved the lot split, separating the auditorium from the rest of the property. Once legal descriptions have been received, the documents will be filed with Pine County. The auditorium will need its own address as well.

Various Updates (General)

Downtown Redevelopment Plan – Next Steps

The EDA’s application for the streetscape project to participate in an Empowering Small Communities Impact Project has been submitted for a Tactical Action Plan (requires a \$3,000 cash match). The project has received much interest. George met with UofM representatives on January 16<sup>th</sup>, including a person from the MN Design Center. They also have a Community Futures program (which requires a \$5,000 cash match) that would look broader – the Kettle River, Downtown, NLX, connecting with Hinckley, etc. The goal is that the process produces actionable, fundable projects to improve downtown but also to make connections with the broader area.

Billboard

The billboard has been installed; however, the lights aren’t working. The company is sending out an electrician (timeline unknown).

Economic Developers Association of Minnesota Conference

Mike Fischer, LHB, approached the City about featuring Sandstone in a presentation he is proposing to make at an upcoming EDAM conference, June 11-13 in Duluth. The theme is “Growth through Change”. We are waiting to see if his proposal was accepted by the EDAM conference planning committee. EDA President Palmer has expressed interest in participating. Additional EDA members are invited as well.

Northern Lights Express

The NLX Alliance Board met earlier today. It was mentioned that Representative Rarick has joined with other State Representatives to oppose the State’s allocation of matching funds that were approved to help secure Federal funding.

Quarry Kids Child Care Center

Executive Director George has joined the Quarry Kids CCC Board of Directors.

**11. IN ACCORDANCE WITH MINNESOTA STATUTES 13D.05, SUBDIVISION 3(C), THE MEETING WILL BE CLOSED AT THIS POINT TO CONSIDER OFFERS OR COUNTEROFFERS FOR THE PURCHASE OR SALE OF REAL OR PERSONAL PROPERTY AND TO REVIEW CONFIDENTIAL OR PROTECTED NONPUBLIC APPRAISAL DATA AND TO DETERMINE THE ASKING PRICE FOR REAL PROPERTY TO BE SOLD BY THE EDA.**

The following property will be discussed:  
Parcels 45.5384.000 and 45.5386.000

**Motion Gaede, second Rahier to close the meeting at 7:15 p.m. Motion carried 6-0.  
Motion Schmutzer, second Palmer to reopen the meeting at 7:28 p.m. Motion carried 6-0.**

**ADJOURN**

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

---

Valerie Palmer, President

---

Kathy George, Executive Director