

City of Sandstone
EDA Meeting Minutes
September 26, 2018

CALL TO ORDER: 6:02 p.m.

ROLL CALL: Kester, Spartz, Palmer, LaBounty, Devlin and Franklin

Members absent: None

Staff present: Administrator George and Recording Secretary Nelson

Others present: Matt Anderson

APPROVE AGENDA

Motion Devlin, second Palmer to approve the agenda as presented. Motion carried 6-0.

APPROVE MINUTES

Motion Devlin, second LaBounty to approve July 25, 2018 meeting minutes. Motion carried 6-0. The EDA did not meet in August.

PUBLIC HEARING: None

NEW BUSINESS: None

CONTINUING BUSINESS:

Area Youth Ministry & Co. Inc. – Default

The EDA entered into a Purchase and Redevelopment Agreement with Area Youth Ministry & Co., Inc., on August 6, 2013 regarding the old high school building – The Rock. Environmental remediation was to be completed within five years. At the July EDA meeting, Staff was directed to serve the proper notice of default on AYM. Two time periods are involved in the process:

- 30-day notice to cure the default of the contract (expired September 6, 2018)
- 90-day notice to cure default for reverter – the City taking the building back (expires November 5, 2018)

The specific default is the failure to complete the environmental remediation. After November 5th, the EDA would be asking for the deed to the property. If Mr. Allen does not give the deed back, then legal action would be taken and he will be responsible for all court costs. It was noted that Mr. Allen may be willing to give the property back before the November 5th date.

On September 7, 2018, Mr. Allen delivered a letter requesting an extension of time. Mr. Allen originally planned on attending the EDA meeting but was unable. EDA Members discussed giving Mr. Allen more time versus putting the tax burden back on the City. The owner is not currently paying taxes; his company is considered a non-profit.

The Administrator reported that an intern has been chosen from the University of Minnesota Center for Rural and Urban Affairs. The intern will be interviewing ten other communities that have completed successful adaptive reuse projects of an historic building in a rural setting. This should give the EDA insight into the various factors involved in an effective plan. The report should be complete by early January 2019. The EDA would then work with the Minnesota Housing Partnership to prepare a request for proposals, looking for developers who are interested in working with the EDA. The Minnesota Housing Finance Agency has a master RFP process where the EDA could seek out housing tax credits. That application is due in June. It can take several rounds to get approval.

After much discussion, motion Franklin, second Palmer to deny Area Youth Ministry & Co., Inc.'s request for an extension of time to cure the default. Motion carried 4-2 with Devlin and Kester dissenting. EDA Members expressed their appreciation for Mr. Allen's passion and efforts; however, they felt that the redevelopment of the property is too great of a responsibility for one individual to handle.

Various Updates

- Shovel Ready Status for the Business Park - The ALTA survey is underway and should be done by October 15.
- Fiber – Staff is looking into options / costs to extend fiber throughout the Business Park. Right now, it stops at the hospital. One quote has been received, but we are pursuing others as well.
- Business Retention & Expansion (BR&E) Workshop – Friday, August 17 – The City of Sandstone was the beneficiary of a BR&E Workshop put on by the University of Minnesota Extension, with funding from the Initiative Foundation. Participants in the workshop included the Administrator, Mayor Spartz, Council Members Kester and Palmer, Planning Commission Member Gaede, Brad Larson from Members Co-Op Credit Union, Bill Loew from Northview Bank, and Rose Spencer. Practice interviews were conducted with Cheri's Flower Basket and Steve Richardson. This was an excellent training opportunity, and something the City can build off of as it tries to build relationships with the business owners.
- Housing:
 - The City acquired 5 tax-forfeited properties from the County. The plan is to demolish the structures and sell the lots for in-fill development. The Fire Department may be interested in training burns at 2 of the locations. Asbestos testing has been done on all 5 properties and the report has been received.
 - The County finished up a Strategic Housing Action Plan – copies provided to EDA Members. The report was prepared by Community and Economic Development Associates (CEDA). One of the main recommendations was for the County to form an EDA/HRA. They also recommended a County-wide rental inspection program. Recommendations were also made for individual cities – Pine City, Hinckley, and Sandstone. The County is hosting meetings to further discuss and explore the possibilities.
 - Housing Institute – the last workshop was August 21 & 22. The focus was on investors and also on the Minnesota Housing Finance Agency RFP process – the process developers must go through in order to qualify for funding / tax credits.
 - Rural Housing Development Workshop – Administrator George attended the webinar today. A particular housing developer was encouraging cities to come up with their own incentive programs in order to spur affordable single-family housing development. With the cost of construction continuing to rise, the profit margin for developers is dwindling; therefore, developers are not interested in building one house here, one house there out in the rural areas. They spend their efforts on large subdivision developments in more populated areas.
- Federal EDA Grant – Business Park Special Assessments. Staff is working on the final request for reimbursement for expenses incurred on the Business Park infrastructure project. This goes hand-in-hand with working on the final figures that are to be specially assessed against the properties.

- Creosote Plant – The MN Department of Agriculture is continuing their monitoring work in town. They are installing monitoring wells at the Softball fields and in the right-of-way in front of Federated Propane.
- The Mayor and City Administrator visited with Matt Anderson at Anderson’s Recycling. The Administrator reported that it was a very worthwhile meeting, with many programs and various issues discussed. In following up, see reported that the commercial area in the Small Cities Development Program cannot be expanded. Anderson was present at the meeting and expressed appreciation for the visit. He also expressed interested in serving on the EDA, filling a vacant seat.
- Small Cities Development Program - The residential area is being expanded and 82 letters have been sent out to residents in the expanded area.
- Administrator George was contacted by Brown’s Beans & Greens owner Ryan Brown, looking for assistance and information. A meeting has been set up with Jordan Zeller of the East Central Regional Development Commission.
- Administrator George reported on a follow up item. The EDA had questioned whether the EDA could be considered to be in default or breach of the Purchase Agreements with Sandstone Development, LLC if, in the future, they decide not to extend the due diligence period. In checking with the City Attorney, it was reported that the City would not be in default if they decide not to extend.
- EDA Members were provided with copies of the recently released/updated Pine County Community Profile.
- The Initiative Foundation is hosting a luncheon to celebrate things that are happening in our area. The Administrator would like to go and would like to know if anyone from the EDA would also like to attend. The luncheon is on October 2nd and will take place in Braham.

ADJOURN

Motion Franklin, second Palmer to adjourn at 6:55 p.m. Motion carried 6-0.

Phillip Kester, Chair

Kathy George, Executive Director