



City of Pine City

Agenda

EDA

Wednesday, May 24, 2023 @ 8:30 AM

City Hall Council Chambers

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1. CALL TO ORDER

2. APPROVAL OF MEETING MINUTES

- 2.1. April 26, 2023 Minutes 3 - 4
[04-26-2023 EDA Minutes](#)

3. APPROVAL OF TREASURER'S REPORT

- 3.1. Fund balance report
- 3.2. RLF Update 5 - 6
[May RLF Update](#)
- 3.3. EDA Land Assets 7 - 8
[City Owned Industrial Parcel Report - May 2023](#)

4. OLD BUSINESS

- 4.1. Orvis property update

5. NEW BUSINESS

6. APRIL DEVELOPMENT REPORT

- 6.1. [Development update 05-16-23.docx](#) 9 - 10

7. ADDITIONAL ITEMS, COMMENTS OR QUESTIONS

8. ADJOURNMENT



EDA Meeting Minutes
Wednesday, April 26, 2023 @ 8:30 a.m.

Members present: President Kevin Anderson, Vice Chair Mike Sauser, Doug D'Aigle, Councilor Steve Ovick, Sydney Nelson, Josh Lartch, Mayor Carl Pederson.

Staff and visitors: Community Development Director Mike Gainor, City Administrator Scott Hildebrand, Becky Schueller, Administrative Assistant Tabitha Pickett, and Pine County Economic Development Coordinator Lezlie Sauter.

Call meeting to order: At approximately 8:30 am by President Kevin Anderson.

Approval of March 22 meeting minutes: *Mayor Pederson made a motion to approve the meeting minutes, Lartch second the motion. Motion carried.*

Presentation of April 2023 Treasurer's Report

- a. **Fund Balance report - 2021 and 2022 balance sheet:** Gainor went through the financial reports for 2021 and 2022. He stated that 2022 is not completed as of yet, as accounting is still preparing those financials for the audit. Members stated that they like the new balance sheets and their layouts. It keeps everything neat and clean. *The committee requested that the EDA Land Assets be added to the balance sheets with dates of purchases. They also stated that when the Land Assets sell - there needs to be some sort of documentation that the funds go back to the EDA and not to the City.*
- b. **April RLF Update:** The committee likes the new and improved look of the RLF monthly statement. There was talks of pushing EZ Electrical to pay their loans in full since they have moved from the City. EZ Electrical paid a good portion of the loan through December 2022 and are still making their monthly payments.

Update on Orvis property well sealing:

- a. **Bid from Sampson Well Company:** *Vice Chair Mike Sauser made a motion to approve the bid from Sampson Well Company, D'Aigle second the motion. Motion carried.*
- b. **Updated fund financials of the Orvis property:**
 - Purchase Price - \$220,000 (Paid)
 - Jones Construction - Demolition - \$11,450
 - Envirobate - Asbestos Removal - \$11,460
 - Midwest Env Consulting - Asbestos Survey: \$703.45
 - Sampson Well Company - Well Sealing: \$2,265
 - Total Amount: \$245,878.45**

April Development update: *Gainor presented the March Pine City Development update to Members.*

Additional items, comments, or questions: Pine County Economic Development Coordinator Lezlie Sauter reported that the County did a town meeting in Sandstone regarding zoning and development. Sauter went into explaining what “Branding Pine County” is. The goal of the project is to develop a community-wide brand for Pine County that fosters civic pride, supports all county organizations, cities, towns and businesses, and attracts tourism, talent, and investment. She gave the committee postcards and asked them to do the online survey. She made mentions of doing a meeting in Pine City with the residents of Pine City, Rock Creek, and Townships. *Mayor Carl Pederson asked Gainor to set up a meeting with Sauter and Planning and Zoning Caleb Anderson, the EDA, the HRA, and the City Council.*

Adjourn: Meeting was adjourned at 9:48 am.

*Minutes by: Tabitha Pickett, Administrative Assistant - City of Pine City and Community Development
Director Mike Gainor*

**Pine City EDA
RLF Status Report
April 2023**

CURRENT RLF LOANS

EZ Electrical - direct loan

Original Loan Date: Oct. 16, 2018
Original Loan Amount: \$25,000
Rate of Interest: 2.50%
Term of Loan: 10 Years
Date of Last Payment (direct loan): May 1, 2023
Amount of Last Payment: \$511.74
Amount Still Owed: \$9,746.10 principal (\$2,794.53 interest)

EZ Electrical - loan through Initiative Foundation

Original Loan Date: Oct. 16, 2018
Original Loan Amount: \$25,000
Rate of Interest: 7.00%
Term of Loan: 80 Months
Date of Last Payment: April 28, 2023
Amount of Last Payment: \$392.31
Amount Still Owed: \$12,614.72 principal (\$1,788.54 interest)

Early Years Academy

Original Loan Date: Dec. 12, 2018
Original Loan Amount: \$40,000
Rate of Interest: 6.50%
Term of Loan: 60 Months
Date of Last Payment: April 28, 2023
Amount of Last Payment: \$329.58
Amount Still Owed: \$38,195.11 principal (\$1,727.33 interest)

Note: \$7,700 in WAC/SAC payments from Early Years Academy were previously counted as payments to the RLF fund, and this was reflected in April's "Amount Still Owed" (\$30,603.85 principal (\$1,948.17 interest)). With the accounts corrected, we have the totals seen above for May.

The Flower Box

Original Loan Date: May 31, 2022
Original Loan Amount: \$50,000
Rate of Interest: 3.50%

Term of Loan: 60 Months (Monthly payment of 291.33 until June 2027, then balloon payment of remaining balance is due)
Date of Last Payment: May 2, 2023
Amount of Last Payment: \$291.33 (\$159.14 Principal + \$132.19 Interest)
Amount Still Owed: \$48,400.75 Principal (\$3,013.37 Interest)

Pine City Senior Living/Timber Pines

Original Loan Date: Sept. 14, 2021
Original Loan Amount: \$50,000
Rate of Interest: 1.99%
Term of Loan: 36 Months
Date of Last Payment: 1/17/2023
Amount of Last Payment: \$640.10
Amount Still Owed:\$50,000

Note: Annual Interest Only Payments for Three Years

- \$640.10 due Sept. 1, 2022 Paid January 17, 2023
- \$640.10 due Sept. 1, 2023
- \$640.10 due Sept. 1, 2024

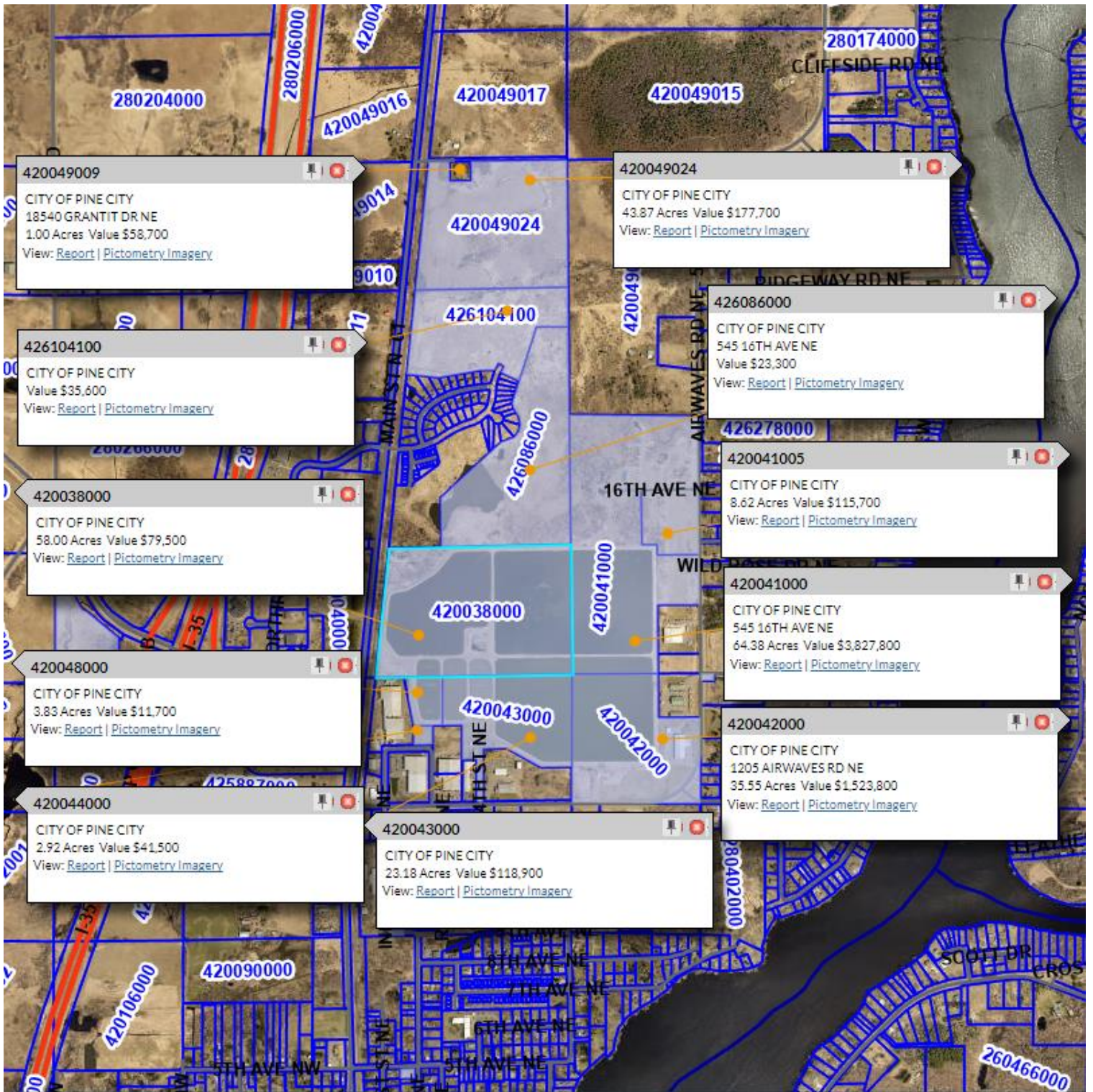
*****Balloon Due Sept. 30, 2024 Amount \$50,000.00**

LEVY INFORMATION

According to the December 2021 City of Pine City Fiscal Management Plan (page 2), the EDA levied \$37,243 in 2018, \$37,562 in 2019 and \$40,363 in 2020. The levy was set at \$45,000 for 2023. The maximum amount an EDA is permitted to levy annually in Minnesota is 0.01813 percent of estimated market value.

City Owned Industrial Parcel Report – May 2023

<u>Parcel ID</u>	<u>Estimated Market Value</u>	<u>Purchased Price</u>	<u>Approx. Location</u>
Parcel ID: 42.0044.000	\$41,500	\$	NW in old Industrial Park
Parcel ID: 42.0043.000	\$118,900	\$	North side of old Industrial Park
Parcel ID: 42.0042.000	\$1,523,800	\$	Corner of Airport/Airwaves
Parcel ID: 42.0041.000	\$3,827,800	\$	NE Industrial Park
Parcel ID: 42.0041.005	\$115,700	\$	S of 16 th Ave NE
Parcel ID: 42.0038.000	\$79,500	\$	West holding ponds
Parcel ID: 42.0048.000	\$11,700	\$	SW holding ponds
Parcel ID: 42.6086.000	\$23,300	\$	Fawn Meadows wetlands
Parcel ID: 42.6104.100	\$35,600	\$	North Fawn Meadows
Parcel ID: 42.0049.024	\$177,700	\$220,000	Orvis farm
Parcel ID: 42.0049.009	\$58,700	\$1.00	Old Orvis house





Pine City Development Update

May 16, 2023

1. Small Cities Development Program - Administered through Lakes & Pines, the City received an award in the amount of \$770,500 to rehabilitate 7 commercial buildings and 15 owner-occupied homes. Lakes & Pines applied for an extension on the program, which was set to end on 12/31/2022, in order to give Pine City the opportunity to put the unused funds to work. The new deadline for the SCDP is 9/30/2023. In February, Nicole Klosner of Lakes & Pines reported that they currently have 8 completed commercial projects with 2 in the inspection phase. They also have 7 completed owner-occupied projects with one in the construction phase and one in the inspection phase.

MAYUPDATE: Lakes & Pines continues work on this program, set to end Sept. 30.

2. 2nd & 3rd Apartments - Private development consisting of 3 apartment buildings with 4 2-bedroom units per building in the mixed-used district of the City (same block as the former Pine City Feed Mill). Staff put together a [list of grants and programs](#) for Mr. Haug from the state to the local level that might work for this development or another associated business. As of February, Pine City has issued addresses to all three buildings in this development. Final building department inspections on this project were completed in March. Mr. Haug signed a site completion agreement to complete curbs, sidewalk, planting etc. on the project in April

MAY UPDATE: Staff will follow up with Mr. Haug to ensure work set out in site completion agreement is complete.

3. Timber Pines - Senior living community consisting of 103-units of independent living, assisted living and memory care with underground parking, a restaurant and health and fitness amenities in the Northridge neighborhood (west of Welia). The EDA has \$50,000 in RLF funds invested in this project.

MAY UPDATE: The HRA is working with Northwoods Bank to complete a \$50,000 loan to Timber Pines and should be complete shortly. Construction finishing up, 12 units rented so far.. Public Open House set for June 28.

4. Mill Site - The City owned a 0.9 acre lot in downtown Pine City which was the former site of the Pine City Feed Mill. The buildings were demolished in 2019. Remediation of the site is complete, overseen by MPCA. One testing well remains. A housing study showed demand for 20+ units of housing downtown.

The Village Apartments LLC submitted plans to build a 25-unit housing on the site. Pine City was awarded \$56,655 for cleanup in December 2021; staff will track related expenditures and request reimbursement. With Lezlie's help, the developers applied for a \$1,000,000 Workforce Grant, which was unfortunately not approved. On Jan. 5, the City Council passed a parking variance amendment to allow the 25-unit, 31-bedroom project to have 34 parking spaces.

The City Council approved \$200,000 in tax abatement for Village Apartments LLC on April 6. The project will receive another \$200,000 tax abatement from Pine County. The MPCA finished testing on the site in May. A groundbreaking ceremony was held on Friday, Sept. 16.

MAY UPDATE: Construction continues on the development. Plans are to open before end of the year.

The following development projects are in the planning stages:

1. Fawn Meadows & Technology Park Expansion - The City owns Outlot A, which is an undeveloped 30 acre lot to the north of the Fawn Meadows housing development. In 2020, the City also purchased 45 acres to the north of Outlot A, referred to as the Orvis property and considered the site of a future expansion of the Technology Park. The title work on this project ended Jan. 21. MSA's ALTA survey (valuable to become "shovel ready"), wetland delineation, geotechnical investigation, environmental site assessment (Phase I), and archeological review has been completed. MSA delivered its final report in May. Staff met with MSA to discuss the Shovel Ready Certification

City of Pine City – Community Development Department

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process. Staff submitted the Shovel Ready application, which was accepted contingent on inspection. \$3,800 payment has been submitted to DEED for Shovel Ready, with site inspection to follow before final approval. Inspection of the site took place in January.

MAY UPDATE: Staff worked MSA to follow up with their list of updates required for final approval. Waiting to hear back from DEED to see if application is considered complete.

2. Former Lakeside Nursing Home - The site went on sale in spring of 2022. Potential developer has shelved plans. Staff worked with Pine County and realtor to expand the site's potential for development. Pyramid Healthcare, Inc. has dropped out of its purchase agreement for the Lakeside Medical Center buildings. City Council voted to rezone the two parcels on the site from R-2 (One- and Two-Family Residential District) to MXU (Mixed Use District) on behalf of Adam Price, Inc. The developers have stated that they intend to create dormitory-style housing in the building.

MAY UPDATE: Adam Price Inc. is set to go before the Planning Commission on May 22 seeking a Conditional Use Permit and Variances.

3. Anderson Fourplex - In October 2022, the City Council changed the Pine City Municipal Code to allow construction of fourplexes in the R-2 District (One- and Two-Family Residential District), the district which makes up most of the residential neighborhoods in Pine City. Luke Anderson intends to build a fourplex on his corner lot at 5th Ave SW and 9th Street SW.

MAY UPDATE: Anderson has completed building permit process.

4. Move MnDOT Sand/Salt Facility - An action item for the City's Community Action Plan was to move the site of the 4.53 acre MnDOT facility at 905 Hillside Avenue SW to another site within or outside of the City limits. MnDOT officials stated that they are receptive to the plan, and have met to discuss possible sites. Staff asked them to consider a 6-acre portion of PID 420042000, the site of the old gun range in Pine City on Airport Road. In October, MnDOT staff reported that they are in negotiations with a landowner near the Highway 23 exit to obtain at least 10 acres for a new facility. Mayor Pederson has been in contact with MnDOT officials on this matter. Council members and staff met with MnDOT on March 30 and discussed the project.

MAY UPDATE: No developments this month.

5. Grandstay Hotel - Council members and staff met with Grandstay Hotel officials on March 21 to discuss renewing the previous hotel project. Grandstay proposed a 6-month exclusivity agreement, during which time they will seek funding for the proposed 51-room hotel.

MAY UPDATE: No developments so far this month.

COMPLETED PROJECTS AND PROGRAMS

Federal Home Loan Bank - Administered by Lezlie Sauter, the City received an award in the amount of \$336,000 to rehabilitate 12 owner-occupied homes. In June 2022, the deadline was extended until December 12, 2022. Because of supply chain issues etc. several applicants failed to complete the program. Overall, nine homes were rehabbed, with a total of \$226,145.28 in FHLB funds invested into the community. The [final report on this project](#) was delivered in December 2022.

Prepared by Mike Gainor, Community Development Director