



# City of Pine City

## Agenda

### HRA

Tuesday, May 16, 2023 @ 2:00 AM

City Hall Council Chambers

<https://v.ringcentral.com/join/568575313>

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**1. CALL TO ORDER**

**2. OPEN FORUM**

**3. APPROVE APRIL 18, 2023 MEETING MINUTES**

3.1. [4-18-23 HRA MEETING MINUTES](#)

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**4. CHECK REGISTER APPROVAL**

**5. APRIL FINANCIALS REVIEW/APPROVAL**

5.1. Bank account reconciliation worksheet

5.2. Low Rent Financials

**6. MAY HILLSIDE COURT MANAGEMENT UPDATE**

**7. DISCUSS HILLSIDE COURT HRA MEMBERSHIP**

**8. DISCUSS HILLSIDE COURT FOUNDATION PROJECT AND FUNDING OPTIONS**

Greg Anderson, SEH

**9. REVIEW HRA FUNDS AND FINANCIALS**

**10. UPDATE AND DISCUSSION ON POSSIBLE HRA/PTCC COLLABORATION**

Mike Colestock, Pine Technical and Community College

**11. UPDATE ON TIMBER PINES HRA LOAN**

**12. APRIL DEVELOPMENT REPORT**

12.1. [Development update 05-16-23.docx](#)

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**13. ADDITIONAL ITEMS, COMMENTS OR QUESTIONS**

**14. ADJOURNMENT**



**HRA MEETING MINUTES**  
**HOUSING AND REDEVELOPMENT AUTHORITY MEETING**  
**April 18, 2023, 2:00 PM**

**Board Members present:** Vice-Chair Becky Schueller, Rita Watson, Mayor Carl Pederson, Councilor David Hill, Nancy Mach (via phone)

**Staff Present:** City Administrator Scott Hildebrand, Community Development Director Mike Gainor, Administrative Assistant Tabitha Pickett

**Others present:** SMR Management representatives Kristen Mallak and Rachel Malecka, Pine County Economic Development Coordinator Lezlie Sauter (online).

Meeting was called to order at 2:00 PM by Mayor Carl Pederson

**Approve March 21, 2023 Meeting Minutes:** *Motion to approve minutes by Pederson, second by Hill. Motion carried.*

**Check Register Approval:** *Motion to approve by Hill, second by Schueller. Motion carried.*

**April financials review/approval:**

- a. **Bank account reconciliation worksheet:**
- b. **Low rent financials:**

Mallak stated it was too early in the month to have the reconciliation prepared, and they just had their fiscal year end. They will have the March and April financials for the May meeting.

**February Hillside Court management update:** Mallak informed the HRA that the parts were ordered for the fire alarm panel and that it will take a few weeks to get them in. Once they are in, they will reach out to the city for the permits required.

Mallak stated there is lots and lots of standing water around the building due to the melting snow, clearly a cause of the building's foundation troubles.

**Discuss Hillside Court HRA member:** Applications are ready and will be posted publicly. Mallak stated the application is the same one they use for their other two HRA's they are involved in. They put a close date of May 15, 2023 and will bring the applications to the May meeting for review.

**Discuss Hillside Court foundation project and funding options:** Gainor stated that they are still waiting for a decision from Sen. Smith and Sen. Klobuchar, but are moving through the process. This is funding for 2024.

It was discussed that they invite SEH back for the May meeting to get Greg Anderson's opinion and possible costs to split the foundation project into 3 phases and to confirm on record that the building is safe for tenants.

Mallek informed the HRA that they found approximately \$28,000 in a "Laundry Fund" account that can be used towards the foundation project. She is also going to bring an itemized spreadsheet to the May meeting for the breakdown of CAP funds and full amounts they have to use for the first third of the project.

Pederson asked about possibly using some of the levied funds for the project. Watson strongly opposed this idea along with Schueller.

**Review HRA funds and financials:** Gainor stated that there is \$50,000 that needs to be transferred from HRA 213 to HRA 214. This is supposed to happen each year and it hasn't happened for 2022 yet. *Motion to approve fund transfer of \$50,000 from HRA 213 to HRA 214 by Pederson, second by Schueller. Motion carried.*

**Update and discussion on possible HRA/PTCC collaboration:** Gainor identified a few properties for PTCC and PTCC's Jacob Mans reviewed and said there is too much wetland. There was discussion that the HRA obtains a property through Pine County. Gainor is going to contact Pine County and see what they have for tax forfeited properties. HRA will be the final approval of a property to be purchased after meeting with PTCC again.

Watson is going to review North Hennepin's Construction program and bring the information to the May meeting.

It was discussed that there are a lot of gray areas and need to speak with PTCC again. Gainor to invite them to the next meeting again to obtain more information.

**Update on Timber Pines HRA loan process:** Pederson was in contact with Peter Jesh of Silver Creek Equity and they are unsure if they need the \$50,000 funding anymore. Jesh would like Gainor to get in touch with him and verify if they still need the funding.

**April Development report:** Gainor went over the report with Committee members.

**Additional items, comments or questions:** Adam Duffee has stepped down, leaving two vacancies in the HRA and another come January 2024. Pederson asked Schueller to post on the Chamber of Commerce website and Facebook page. Hildebrand stated that City staff will post an update on their website and Facebook page also.

It was brought to attention that the May 16, 2023 meeting needs to be changed to May 17, 2023 at 2:00 PM. *Motion to change the date and time of next meeting to Wednesday, May 17 at 2 PM by Schueller, second by Watson. Motion carried.*

*Motion to adjourn by Pederson, second by Schueller. Motion carried.*

Meeting adjourned at 2:42 PM.

Respectfully submitted, Tabitha Pickett, Administrative Assistant and Mike Gainor, CDD.



## 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

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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*