

TO: HONORABLE MAYOR AND CITY COUNCIL OF CANNON FALLS

FROM: Laura Qualey, Economic Development

SUBJECT: Recommendation to accept Sandstone Ridge Letter of Intent

DATE: July 5, 2022

BACKGROUND:

The Economic Development Authority has been actively pursuing a developer for the Sandstone Ridge property that the City acquired from SEMMCHRA in the fall of 2021. The local developers that had come forward in February 2022 have determined the costs of the repairing Sandstone Road and Decorah Drive will not ‘pencil out’ to develop the eight single family home lots in Decorah Circle, or the triplex units along Decorah Drive at this time, therefore have backed out of the project.

Recently, Stencil Group II, LLC from Sioux Falls, South Dakota has expressed interest in constructing a 110-unit, market rate, multi-family apartment complex on the Lots 1, 2, 3, 4, 5, 6, 7, and 8 in Block 1 all in Sandstone Ridge Second Addition as illustrated in Exhibit A of the attached Letter of Intent.

As the letter indicates, they would invest in re-platting the property, rebuilding the roads to city specifications also dedicating greenspace for a park if they are able to acquire this section of Sandstone Ridge for \$1.00.

The Sandstone Ridge Committee has reviewed the concept plans for this project and the Letter of Intent provided by the Stencil Group and agree this project is viable and will add value to the housing needs of the community.

RECOMMENDATION:

Council accept the Letter of Intent from Stencil Group II, LLC. to pursue development of a 110-unit apartment complex on Sandstone Ridge.

June 27, 2022

Subject: Letter of Intent to Purchase & Develop Sandstone Ridge

Dear Mr. Jensen & Mayor Althoff,

This letter has been submitted by Stencil Group II LLC., a private party, with the intent to purchase and develop the Sandstone Ridge property for housing as soon as possible.

We would like to acquire the (See Attached) to build 110 Unit Multi-Family Building to contribute to the housing needs of the Cannon Falls community.

We realize there is uncertainty with this property in regard to the water, sewer, storm sewer, roadways and soils, but are willing to invest in developing the property if we are able to acquire the land for the price of \$1.00. We would collectively invest in re-platting the property, rebuilding the roads to city specifications also dedicating greenspace for a park.

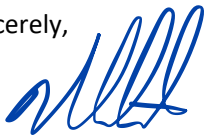
We understand the City has televised the existing storm sewer, water and sewer lines to determine their current status and viability and will provide the development group with the findings. We as, the development group, realize that any further televising would potential be at our expense, but would be addressed in a future Developer's Agreement.

We realize this is public property and will require public action at some point and time, however we do ask that you keep the intent to purchase private until the Purchase Agreement has been completed and then we can issue a joint statement.

We all acknowledge this letter is not an official purchase agreement. All the terms and conditions of the proposed transaction would be stated in the Purchase Agreement and a future Developer's Agreement, to be negotiated and agreed by all parties.

In case of any queries or clarifications, feel free to call any of us at our contact information provided below.

Sincerely,



Nathan Stencil – Stencil Group II CEO

Exhibit A
Legal Description

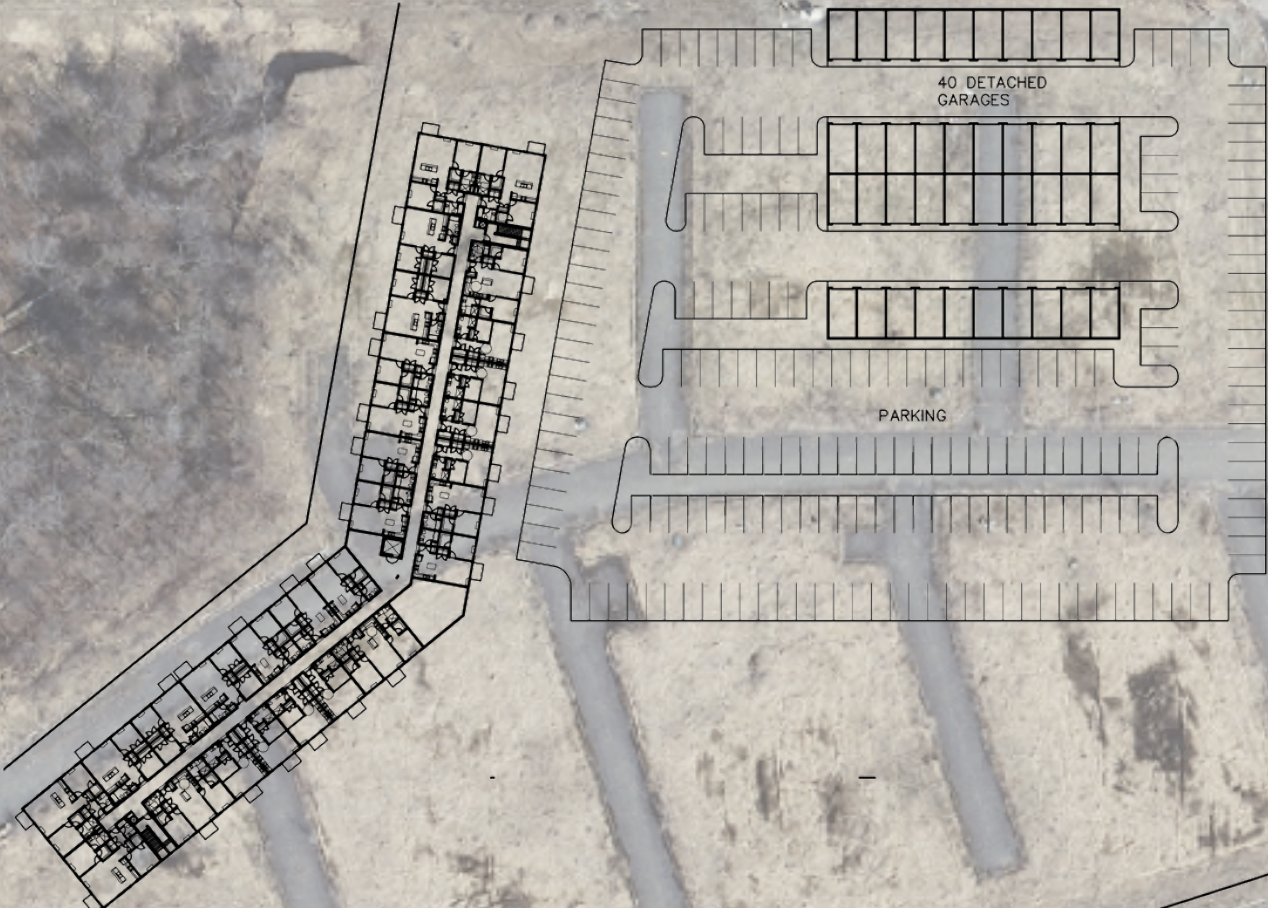
Lots 1, 2, 3, 4, 5, 6, 7, and 8 in Block 1 all in Sandstone Ridge Second Addition, Goodhue County, Minnesota.



Sandstone Ridge

COUNTY 25 BLVD

TOWER



DECORAH DR

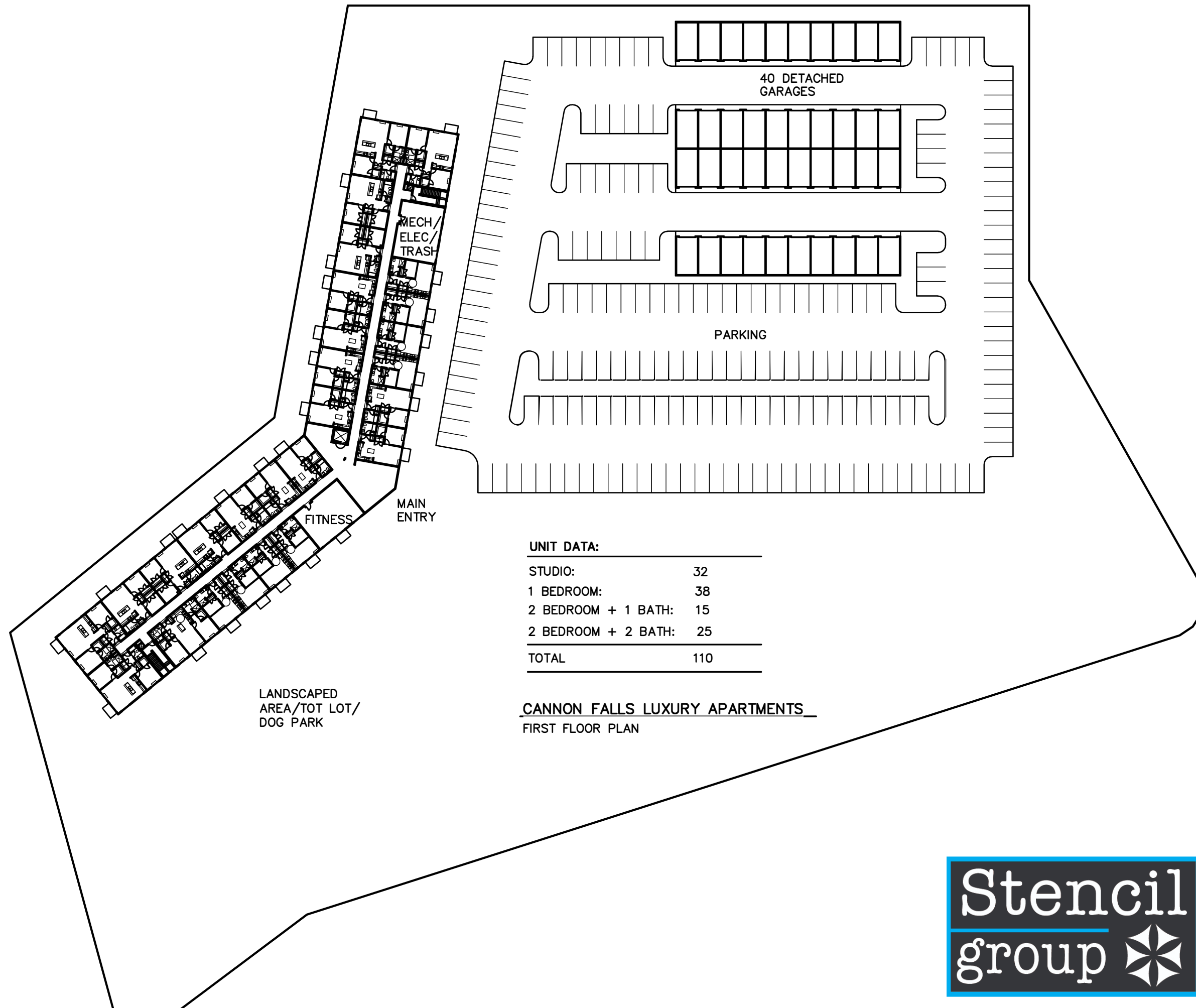
SANDSTONE CIR

SANDSTONE RD



NOT TO SCALE

BLUFF DR



MECH/
ELEC/
TRASH

FITNESS

MAIN
ENTRY

40 DETACHED
GARAGES

PARKING

LANDSCAPED
AREA/TOT LOT/
DOG PARK

UNIT DATA:

STUDIO:	32
1 BEDROOM:	38
2 BEDROOM + 1 BATH:	15
2 BEDROOM + 2 BATH:	25
TOTAL	110

CANNON FALLS LUXURY APARTMENTS
FIRST FLOOR PLAN



