



**City of Newport
Newport Economic Development Authority Minutes
April 7, 2016**

1. CONVENE ECONOMIC DEVELOPMENT AUTHORITY MEETING

President Geraghty called the Regular NEDA Meeting to order at 6:09 P.M.

A. Roll Call

Commission Members Present – Tim Geraghty, Tom Ingemann, Bill Sumner, Tracy Rahm, Dan Lund

Commission Members Absent -

B. Review Agenda

Motion by Geraghty, seconded by Rahm, to approve the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.

C. Approval of NEDA Minutes

1. Minutes of March 03, 2016 NEDA Meeting

Motion by Ingemann, seconded by Rahm, to approve the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.

2. NEW BUSINESS

A. Cedar Lane Properties – Levee Discussion

Admin. Hill – We received the FEMA grant for the remaining 3 properties adjacent to the levee and we had the official go ahead 3 or 4 weeks ago from FEMA saying that we can actually start the process. I contacted all 3 property owners and we spoke with 2 of them. Since we signed off on the grant agreement, property values have risen and one of the owners wants that difference from what the grant agreement was agreed upon. I contacted FEMA to find out if there was a provision on this and they said “no”, the grant is the grant. The other owner that I spoke to did not request that difference and I said that I would be approaching the Council to see if there was any wiggle room there. I have not heard anything from the 3rd party, Mr. Walsh, he has not contacted me.

Councilman Ingemann – Theoretically in 3 years that levee is going to be opened up correct?

Admin. Hill – Sooner or later if we are going to have a park we are going to have to open that up.

Councilman Ingemann – The grant is the grant and I don't think there's any wiggle room.

Councilman Sumner – Are we under any obligation to increase the amount?

Admin. Hill – No and it's not a contract it's an agreement. Each property owner can back out at any time. There's also a provision that allows them to have an appraisal done but in the document it says that no one is guaranteed to get that price.

Councilman Sumner – So the amount that they were given was the previously determined amount?

Admin. Hill – The assessed value from the county. All 3 property owners agreed that they could have each had an appraisal done too but from what they had heard from appraisers was that the county's value at the time was pretty close

and why bother going through an appraisal and paying for that.

Mayor Geraghty – Under the provisions does that cover moving expenses as well?

Admin. Hill – No it is voluntary and we are not forcing them out.

Mayor Geraghty – I know but they're saving basically a realtor's fee.

Admin. Hill – Yeah and we cover the closing costs.

Mayor Geraghty – Okay well I don't hear any sentiment to deviate from the grant.

Councilman Lund – So the next step when they decide to sell then we setup a closing?

Admin. Hill – Yes both of these gentlemen would both like to move in the fall. We can sign an agreement now at that price and start the process of getting the asbestos testing done and bids on how much it would cost to demolish the house and garage. They can still back out all the way up until closing. I did talk to FEMA about what if we have all of these asbestos inspections and if we can get reimbursed for all of that and he said that they could work with us on that.

Councilman Lund – So if we have a purchase agreement then they can't back out right? That's how a real estate transaction works. There would be some value to the city to getting some purchase agreements lined up so we have some certainty.

Councilman Ingemann – My understanding is that 3 years after the FEMA grant was approved that's when the levee opens up is 3 years from now.

Admin. Hill – Another thing for them to consider too is that we were told in November that we couldn't do anything before we got the signed agreement and that took 4 months. The clock has been ticking for those 4 months so we really only have like 2.5 years left. If an owner backs out at this point and we get another flood, we go down to the bottom because we had our chance to get the grant. It's not always going to be there.

Councilman Lund – It'd be nice to know when everyone is moving out and if they are all moving out at the same time. If there's a way that we could help that along by drawing up purchase agreements then hopefully they'll agree to move at the same time.

Admin. Hill – They do know that they have this window of opportunity. I know FEMA doesn't want you to use that whole window but they gave the window and the window is there. At the end, the city has to have the house down within 30 days. They said that if we buy it in the middle of October and we have an early winter they'll work with us to finish all of the grading when the weather warms again but technically we have 30 days to get everything done.

Councilman Sumner – What's the worst case scenario if all 3 of them decide not to? Is the corps taking down the levee in 2.5 years?

Admin. Hill – We would have to own the property to take anything down. FEMA said not to make any plans until this is done.

Councilman Sumner – But if something happened and all 3 of them decided not to go along with this opportunity that is presented to them they are taking their chances with the river in the future.

Admin. Hill – Yeah that is the risk and whether or not they would get offered that full amount again.

Councilman Sumner – Would their insurance company not look very favorably at them for not taking the chance to get out of there?

Attorney Knaak – I don't think there would be any real difference as long as they're paying their premium.

Mayor Geraghty – What happens if 2 out of the 3 sell? What happens at that time period?

Admin. Hill – Then we'll have to find out what kind of options we have. Two of the properties actually have the levee and one of the property owners wants to be out by October so we'd have to work with the corps. if that was the scenario.

3. OTHER BUSINESS

Admin. Hill – In front of you is a loan agreement for a façade improvement. Subway wants to update their façade, their current façade is causing them problems and they would like to stucco it and put new awnings on the windows. It's technically a loan and not a grant. We give them the \$10,000 loan but they have to own the property for 3 years. If they still own the property after 3 years it turns into a grant and it is forgiven.

Councilman Ingemann – It's the same thing we did with Mastertech.

Admin. Hill – Yes this is the exact same wording with 2% interest. The stucco contractor has picked up his permit. I did have Fritz take a look at this and he gave it the "green light". I'll send it to Fritz before I sign it.

Councilman Lund – How do we decide the amount?

Admin. Hill – The cap is \$10,000 it has to be a match. They have to have bids totaling at least \$20,000 to get the \$10,000. Bruce is talking to another business that might be interested in doing it too.

Motion by Ingemann, seconded by Rahm, to approve a façade improvement loan agreement for \$10,000 between the Newport Economic Development Authority and Dave and Rosalyn Johnson. With 5 Ayes, 0 Nays, the motion carried.

4. ADJOURN

Motion by Geraghty, seconded by Ingemann, to adjourn the NEDA Meeting at 6:27 p.m. With 5 Ayes, 0 Nays, the motion carried.