

North Powder City Council Special Meeting
September 8, 2020
7:00 PM City Hall

Attendance: Mayor Mike Wisdom, Councilors Joyce Lawyer, David (Shorty) Schwehr (called in), Dennis Lefever, City Recorder Beth Wendt. Councilors Mike Morse, Logan McCrae, & Jeff Grende were absent. Others: Candace Bowman and Sue DeHaas.

Mayor Mike called the meeting to order. He noted that it was voted at a previous meeting to proceed to put in an offer to Sharon Stanford. Candace was here to walk the Council through it. She began with purchase price. Shorty suggested \$115,000. Dennis thought \$110,000. Mayor Mike agreed that we needed room to negotiate. There will be some clean-up expense. We don't need a commercial inspection. It can be done by a home inspector. We also have to put down Ernst money. Depending on the result of the inspections, there may be some other things that need to be done. Candace remarked that if the offer is less than the purchase price, we need to consider if the seller will be asked to pay for anything else. Is the City willing to shoulder all of the extra costs if we offer a lower price? She felt the history on the building is that it has always been over priced and that is why it hasn't sold before now. Dennis thought the inspection would be pretty thorough. Candace added that it may take a couple of days to do the whole building, but they will inspect every component, including plug-ins, breaker box, heat, lights, water, etc. Additional inspections may be required. Mayor Mike was concerned that there may be a water issue. It was agreed to offer \$110,000. The next question was how much to put down for Ernst money. Candace explained that it just goes into Escrow until the deal is done. A down payment is a separate issue. It was decided to put down \$1000.

Candace thought we should ask for all appliances that are left on the building to be included in the sale. She wondered about the rest of the stuff that is left in the building. It will be up to Sharon to decide if there is anything of value, but who will remove it and what will be done.

Since the balance of the purchase price won't be an all cash transaction, will it be seller carry? Mayor Mike thought that was what Sharon wanted. Candace noted that the buyer keeps insurance on the building. It is not in the flood plain. If the seller is going to carry the contract Candace recommended we meet with an attorney to go over the seller-carried transactions addendum. It includes financing terms such as the purchase price, interest rate, and length of the contract. The interest rate is a fixed rate. Shorty suggested 2.5%. Candace thought that was too low on a commercial building. She suggested 4 to 4.5%. Usually a commercial loan demands at least 1/3 down, but we aren't looking at getting a loan. Dennis calculated if we were to finance \$109,000 at 4%, the monthly payment would be about \$2007.40. Beth suggest putting at least \$10,000 down and making an annual payment instead of monthly. Joyce wondered about semi-annual payments. Shorty thought we should put at least 30% down. An annual payment would save a little bit of interest. It was decided to offer 4% on a 5 year contract on \$100,000. Candace will put together a rough draft for an offer and send it back to the Council for review. Mayor Mike wanted to run it by the LOC. Shorty was concerned about penalties for early payment should something happen to Sharon before the end of the contract. Candace noted that we could add that as additional terms when we talk to an attorney. Right now we are working on the payment, time frame and interest rate. The payment will be an amortization so it will change with each payment. Candace thought the City would pay closing costs and escrow fees. She didn't think an appraisal was necessary at this time. We will get title insurance within 5 days after the offer is submitted. We will have 5 days to look it over and we can withdraw from the deal if we don't like the title report. Health and environmental inspections can be done but we need a licensed inspection because the buyer is responsible for putting everything back to the starting point following an

inspection. Inspectors are licensed and bonded and have insurance to cover errors and omissions. Property tax is pro-rated and paid by the seller. Candace thought there was some back taxes due but that will be Sharon Stanford's responsibility. The property is purchased "as is" unless there is a written agreement. The seller has filled out a disclosure. There isn't a lot of paint so there probably isn't any lead base paint. Mayor Mike thought we could barricade the Oddfellows part of the building and apply for some environmental grants to find out about asbestos and lead paint. Candace thought a building inspector should be able to find a lot of that stuff. There are time frames to get inspections done. She suggested 30 business days to get the inspections done and to negotiate for any repairs or walk away. We aren't doing a non-refundable deposit. Ernst money will stay in escrow until closing and will be applied to the deal. Disputes and disagreements will be done by mediation and/or arbitration. At this time, the building is not designated as historic. Candace will work on putting the offer together and will email copies to everyone. Beth noted that according to LOC, we don't need to do a resolution until the offer is accepted. Mayor Mike restated that we are not locking into anything yet.

Meeting adjourned at 8:17PM.

Respectfully submitted,

Attest:

Beth Wendt
City Recorder