

**SPECIAL CITY COUNCIL MEETING MINUTES
CITY OF LAKE QUIVIRA KANSAS
November 11, 2021
3:30 p.m.**

Present

Mayor Brady Lilja – in person
Councilmember Gayle Best – in person
Council President John Christy – via Zoom
Councilmember Dave McCullagh – in person
Councilmember Annie Noland – via Zoom
Councilmember Greg Prieb, II – via Zoom
City Attorney Michelle Daise – in person
City Administrator / City Treasurer Erin Leckey – in person
City Clerk / Court Administrator Kathy Bounds – in person
Special Counsel Gina Riekhof, Gilmore & Bell, P.C. – in person
Managing Director of Financial Services Dustin Avey, Piper Sandler & Co. – in person

ZOOM LOG-IN INFORMATION:

<https://us06web.zoom.us/j/82956184804?pwd=K1h2WnMvUUhVNGIxTUZXMTM3V0S0JmQT09>

Meeting ID: 829 5618 4804

Passcode: 810489

Dial In: +1 312 626 6799

Call to Order

Mayor Lilja called the meeting to order at 3:30 p.m.

Pledge of Allegiance

Mayor Lilja led the Pledge of Allegiance.

Following the Pledge of Allegiance, Mayor Lilja wished all veterans a Happy Veteran's Day and thanked them for their service.

1) OLD BUSINESS

a. Discussion relating to the possible acquisition of real property

Mayor Lilja recapped discussion from the November 1, 2021, Regular Council Meeting, noting no motion was made; however, discussion was to move forward in researching costs to acquire a survey and Phase I environmental study to determine if this was a feasible project to close by the end of the year.

City Attorney Daise advised an Execution Session would be needed to discuss details of the acquisition; however, she provided a summary below of information as public record:

- Seller’s appraisal and appraisal review have been received.
- The city has reviewed the seller’s appraisal review.
- Both appraisal reviews are consistent with one another at 1.18 million.
- Seller’s listing price remains unchanged at 1.2 million.
- Seller’s contract stipulates closing must be by 12-31-2021.

Councilmember Prieb, as a land developer, requested the opportunity to share his concerns with the acquisition. He indicated he also received some information from an engineer with Phelps Engineering and wanted to share that information well.

- Given the topography of the land, it would be hard to develop.
- Sewers would have to be extended up to the property from the north.
- Could possibly put 2 or 3 nice homes on the western side fronting Renner but they would have to go on septic.

Councilmember Prieb’s concern is with the steepness of the terrain in correlation to the listing price for future development of the land. His opinion is the listing price is too high. If it were a flatter parcel, there would be more incentive to purchase it. Councilmember Prieb discussed water retention concerns and suggested more time be spent researching the property to find out what future development might look like before jumping into the purchase. He also noted there are KDHE regulations to consider too. Councilmember Prieb indicated he could bring someone in to answer questions, from an engineer’s perspective, if the Council was interested in that.

Special Counsel Riekhof shared proposals she received from three firms for the cost of a survey and the Phase I Environmental study.

- Olsson:

Survey \$6,400

Phase I Environmental Assessment: \$3,000

- Kaw Valley:

Survey: \$9,300

Phase I Environmental Assessment: \$4,700

- Renaissance Infrastructure Consulting (RIC): (proposal was given verbally, written proposal still not received as of this meeting)

Survey: \$4,450

Phase I Environmental Assessment: \$1,950

Special Counsel Riekhof's recommendation to the Council was to consider Olsson's proposal. She noted a relationship has already been established with Olsson and the city; they are currently doing work for the city, have done work for the city in the past, and they also provided the best timeline in their proposal.

Special Counsel Riekhof also advised that typically the seller pays for the owner's policy of title insurance delivered with the deed at closing. Any endorsements of that title would be paid for by the buyer, and there are a couple of endorsements that would generally be recommended. Cost for the endorsements would be less than \$1000, and then costs for the escrow services would be split with the title company.

City Administrator Leckey reminded the council the city does have prior experience with RIC from several years ago when they did work on the emergency access road.

2) EXECUTIVE SESSION

Motion: Councilmember McCullagh made a motion for the Lake Quivira City Council to recess into executive session for 20 minutes, returning no sooner than 4:10 p.m., for the purpose of consultation with legal counsel on matters privileged in the attorney-client relationship per K.S.A. 75-4319(b)(6). Included in the executive session will be Mayor Lilja, Council, City Administrator Leckey, City Attorney Daise, and Special Counsel Riekhof. **Second:** Councilmember Best seconded. **Vote:5-0. Motion carried.**

Mayor Lilja called the Regular Meeting back to order at 4:10 p.m.

Motion: Councilmember McCullagh made a motion for the Lake Quivira City Council to return into executive session for 15 minutes, returning no sooner than 4:28 p.m., for consultation with legal counsel on matters privileged in the attorney-client relationship per K.S.A. 75-4319(b)(6). Included in the executive session will be Mayor Lilja, Council, City Administrator Leckey, City Attorney Daise, and Special Counsel Riekhof. **Second:** Councilmember Best seconded. **Vote:5-0. Motion carried.**

Mayor Lilja called the Regular Meeting back to order at 4:28 p.m.

Mayor Lilja asked the Council if they wanted to provide comments related to the listing price.

Prieb: listed too high; we need more time to do our due diligence with studies.

Best: Could another entity purchase the land? not enough time to research everything.

Noland: Ready to move forward with listing price.

McCullagh: undecided. leaning toward price is too high with all the unknowns about the topography and future land uses.

Christy: would like to negotiate; put down earnest money, ask for more time.

Dustin Evey with Piper Sandler explained the city's financing options for the land purchase. He discussed in length the terms for financing with General Obligation Temporary Notes and the terms for financing with General Obligation Bonds. He answered questions related to each option. In short, notes are for short term financing and come with a fixed rate. Bonds are for long term financing and typically require an increase in the mill levy for repayment.

3) NEW BUSINESS

a. Consider an ordinance authorizing the issuance of General Obligation Bonds of the City to provide funds to finance the acquisition of the land.

Council President inquired if we have funds in the budget to put down earnest money. City Treasurer Leckey responded it could come out of reserves with a council vote.

City Attorney Daise, in response to earlier discussion related to negotiations, indicated through her conversations with the seller's attorney, the seller does not appear to be open to negotiations; however, she would be happy to reach back out to the seller's attorney with a negotiated price and a new timeline to allow the city more time to research the property if that is the direction the Council directs her to go.

Motion: Council President Christy made a motion that the Council authorize City Attorney Daise and Special Counsel Riekhof to negotiate, on the city's behalf, with the seller to purchase the property, not to exceed 1.2 million, and require the support of a qualified appraisal, between now and May 1, 2022, with a 90-day due diligence period, with expenses not to exceed \$25,000 including, but not limited to, a watershed study, Phase I environmental study, survey and an appraisal, with an offer up to \$50,000 in a good faith refundable deposit.

Motion failed for lack of a second.

Councilmember Noland stated, for the record, she wants to move forward, secure the land, close by the 12-31-2021 date, and come up with a plan later.

Motion: Councilmember Prieb made a motion to move forward with a contract to purchase the property at \$20,000.00 per acre. Due to the limited time frame, we do not have enough time to gather as much due diligence as we would like to as a city, to determine what our future plans of this property would be. At this time, the offer would be 20,000.00 per acre to purchase by seller's desired timeframe. **Second:** Councilmember McCullagh seconded.

Mayor Lilja asked if there was any discussion before going to a vote.

Discussion: Council President Christy suggested offering \$25,000.00 per acre to put the city in a better negotiating position. Council President Christy then rescinded his comment.

Special Counsel Riekhof requested clarification from Councilmember Prieb asking if we are keeping the contract as it is, authorizing the mayor to sign, and only changing the offer price? Councilmember Prieb concurred.

Councilmember Noland asked for clarification about the assessments that were discussed and wanted to know if this now meant, for that price, we would forego any of the assessments? City Attorney Daise stated the way the documents are written right now, Phase I and the survey would continue, but none of the new things discussed today would be added. Councilmember Noland asked for further clarification about the assessments and added she is fine negotiating the price but wants to make sure we are protected if there are things wrong with the property. City Attorney Daise stated all the language in the documents indicate we would get a survey and a Phase I environmental study, and then everything is subject to that. The contingencies would allow for the city to still have the ability to get out of the agreement. The only difference is the price. Mayor Lilja asked for clarification in that we would not do a watershed study or a separate independent appraisal, and City Attorney indicated that was correct.

Councilmember Prieb's **motion** was put back on the floor as stated above.

Before the motion was put to vote, Council President Christy asked if he wants the per acre price to be higher and this motion passes, what happens then? Mayor Lilja opened the floor back up for discussion. Council President Christy suggested offering \$25,000.00 per acre to put us in a better negotiating position, noting his concerns with the \$20,000.00 per acre offer not being one that would be considered by the seller; thus, creating adversity for future conversations. City Attorney Daise suggested if there is an amendment to the original motion, it should include a range. Special Counsel Riekhof noted we do not have a lot of time for negotiations and should approach it with a final offer. Calculations for adding \$5k to the offer, as it relates to property taxes, were determined to be an additional \$300 per year based on a one-million-dollar home.

Councilmember Prieb withdrew his previous motion.

Motion: Councilmember Prieb made a motion to move forward with a contract to purchase the property at \$25,000.00 per acre. Due to the limited time frame, we do not have enough time to gather as much due diligence as we would like as a city, to determine what our future plans of this property would be. At this time, the offer would be 25,000.00 per acre to purchase by seller's desired timeframe. **Second:** Council President Christy seconded.

Discussion: Councilmember Noland asked for clarification on the new motion regarding closing in the seller's timeframe, and if we will still move forward with the deed as spelled out in the seller's contract. Mayor Lilja confirmed the only change is the dollar amount per acre. With no further discussion, the motion was put to a vote. **Vote: 5-0. Motion carried.**

Special Counsel Riekhof advised the Council that they now need to authorize the issuance of bonds to fund the acquisition, which is what the Ordinance does. Given the prior motion, she

recommended that the Council consider the Ordinance as presented except amending the 1.2 million in all places to one million.

Motion: Councilmember Noland made a motion to approve an ordinance authorizing the issuance of General Obligation Bonds of the City to provide funds to finance the acquisition of the land and to modify the offer of 1.2 million to one million. **Second:** Councilmember McCullagh seconded. **Vote: 5-0. Motion carried.**

The Ordinance was assigned No. 319.

b. Consider a resolution authorizing the offering for sale of General Obligation Temporary Notes, Series 2021, of the City of Lake Quivira, Kansas.

Motion: Councilmember Noland made a motion to approve a resolution authorizing the offering for sale of General Obligation Temporary Notes, Series 2021, of the City of Lake Quivira, Kansas. **Second:** Councilmember Best seconded. **Vote: 5-0. Motion carried.**

c. Consider a budget amendment authorizing use of money out of reserves to cover costs until the notes are issued.

Motion: Councilmember McCullagh made a motion to approve a budget amendment to allocate \$25,000 out of reserves to cover certain costs associated with potential acquisition of real property. **Second:** Councilmember Best seconded. **Vote: 5-0. Motion carried.**

4) ADJOURNMENT

Motion: Council President Christy made a motion to adjourn the Special City Council Meeting at 5:54 p.m. **Second:** Councilmember Best seconded. **Vote: 5-0. Motion carried.**

The Special Council Meeting adjourned at 5:54 p.m.

Respectfully submitted by:
Kathy Bounds
City Clerk



Brady Lilja - Quivira Inc., Q2 Board, Lake Quivira Foundation and Police.

Gayle Best - Tree City, Railroad, Aesthetics, Landfill, City Hall and Holliday Drive.

John Christy - Dam/Spillway, Litigation, 4th of July/Fireworks, and Holliday Drive.

Dave McCullagh - Budget/Finance, Ordinances, Gas Station, Landfill Odor, Deer Harvest and Research.

Annie Noland - Employee Performance Reviews and Issues, Insurance, Web Presence and vacant fire station space.

Greg Prieb - Roads, Lake Preservation, Zoning and Development, Building Requirements and City Hall.