

**SPECIAL CITY COUNCIL MEETING MINUTES
CITY OF LAKE QUIVIRA KANSAS
November 15, 2021
2:30 p.m.**

Present

Mayor Brady Lilja – via Zoom
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 – via Zoom
City Administrator / City Treasurer Erin Leckey – via Zoom
City Clerk / Court Administrator Kathy Bounds – in person
Special Counsel Gina Riekhof, Gilmore & Bell, P.C. – via Zoom
Police Chief / Building Official Fred Grenier – in person

ZOOM LOG-IN INFORMATION:

<https://us06web.zoom.us/j/82618336783?pwd=Zno3bUc4YUINT1UvSGxRaDgxTmowdz09>

Meeting ID: 826 1833 6783

Passcode: 944967

Dial In: 1 312 626 6799

1) Call to Order

Mayor Lilja called the Special Meeting to order at 2:34 p.m.

2) OLD BUSINESS

a. Discussion relating to the possible acquisition of real property

Special Counsel Riekhof reported after the last Special Council meeting, she contacted the seller's attorney with the Council's offer of one million dollars. After discussing this offer with his client, the seller's attorney returned with a counteroffer of \$1,180,000,000.

Discussion ensued between the Council about the offer only being \$20,000 less than the original offer price of 1.2 million.

Councilmember Prieb noted this was not an acceptable offer to him and didn't change anything as far as he is concerned.

Councilmember Noland inquired if the seller went with an outside party, would they have to pay fees of 6-7%?. Councilmember Prieb responded that he thinks it is 6%. Councilmember

Noland said at 6% that would put them at approximately 1.1 million. She realizes they do not appear to be negotiable at this point, but inquired if we could counter offer again?

Special Counsel Riekhof relayed to the Council the frustration she sensed coming from the seller's attorney with the one million-dollar offer. The seller was under the impression it was a done deal at 1.2 million. Special Counsel Riekhof explained to the seller's attorney the concerns the Council had with the future land use, timing with the closing, and not having had enough time to obtain their own independent appraisal. Special Counsel Riekhof noted the seller was not negotiable on those issues and there wasn't any back-and-forth conversation about it.

Council President Christy inquired if we have confirmed their appraisal was provided by a bonded, third party, neutral appraiser. Mayor Lilja replied yes, it has been confirmed.

Council President Christy commented he is in favor of the city owning and controlling the property. He indicated the counteroffer is a fair price and he is willing to accept the offer as a balance sheet transfer and accept it at the appraised value. In terms of future uses, he feels like the City of Lake Quivira and the City of Shawnee work well together, and with that relationship, we might be able to discuss how to best optimize the use of the land in the future. He also commented it could be worth 1.2 to an individual who may come in and purchase it for their own recreational purposes, and we don't want that. Councilmember Christy indicated he was ready to make a motion.

Motion: Council President Christy made a motion that the city counter offers at splitting the difference at 1.1 million and also authorizes Gina and Michelle to negotiate on the city's behalf as needed to settle on a contract price not to exceed the appraised value of 1.18 million.

Second: Councilmember Noland seconded.

Mayor Lilja asked if there was any discussion before putting the motion to a vote.

Discussion:

Councilmember Best stated she agrees with John and would feel bad if we lost it and someone else purchases it and we can't get it back. This could be an opportunity for parks and trails for Lake Quivira. She inquired about the bond financing and wanted to know who the appraiser would be, and if the bonding company would provide one.

Special Council Riekhof explained when the city is issuing General Obligation (GO) Bonds, there are not the typical appraisal contingencies like you would see in a commercial or residential real estate transaction. The (inaudible) that will be on the other side when purchasing GO Bonds from the City will not care about the value of the real estate. The real estate itself is not pledged as security or collateral for the GO Bond. The GO Bond is secured by the obligation of the city to levy property taxes in an amount sufficient to repay the debt. If for some reason the Council was unwilling to set the mill levy for a particular year at an amount that was sufficient to raise property tax revenues to repay the bond, a court would come in and compel the city to

raise its property taxes in an amount sufficient to repay the debt. That is the security for the financing transaction, not the real estate.

Councilmember McCullagh expressed he is against the purchase of the land. He noted it is a 20-year commitment and puts limitations on the city to do things that may be necessary in the future. He indicated if we move forward with this transaction, we are acting as nothing more than a proxy for the homeowner's association and doing their job for them, and he doesn't like that. Councilmember McCullagh shared an example involving the patient Quiviran group and how that transaction was completely different than this one. He expressed concerns with the limitation this purchase will put on our bonding capacity in the future. This property plus the spillway project, from what we have been told, will put us at our limitation of bond debt, leaving no room for bonding other emergencies that may come up. He noted, the spillway project is coming, and we have to have that. As far as the development features of this land, he stated he trusts Greg's opinion about future development issues and noted the market for someone to buy the land is extremely limited if they are not a developer.

Councilmember Prieb stated he agrees with everything Councilmember McCullagh just said. He also stated he respects Council President Christy's motion, noting there is value to the city for this property, but he doesn't like the timeframe or the purchase price, and for those reasons he is against the motion.

Council President Christy stated, for the record, he agrees with Councilmember McCullagh's comments, and noted he does not love the timeframe or purchase price either and also acknowledges the end result of this, maybe 2-4 years from now, could end up with us proxying for Q Inc; however, much like it has been done with other projects in the past, it can certainly work to everyone's advantage, albeit there are no guarantees. He stated he believes everyone on the Council shares the same concerns, and we all see value in this. The brevity we are assigning to those concerns and values are different; nobody is wrong or right; the question is how much emphasis we put on each of these considerations. He concluded his comments noting he stands behind his motion.

Councilmember Noland stated she thought Councilmember McCullagh brought up some great discussion points. However, she feels, as a city, we are growing, and evolving. She noted we have had a very conservative stance, which is smart for a city from a fiscal perspective in making sure we are focusing on the right things, which she believes we are. She noted she doesn't like that we are limiting our bond ability, but she does feel like this is an opportunity we need to act upon. We have several years to formulate a plan; maybe in conjunction with Q Inc and is in support of Council President Christy's motion.

City Administrator Leckey wanted to share with the Council that she spoke with the Shawnee City Manager at a recent manager's meeting, noting since our interest in the land purchase is now on public record with agendas and such, she thought she should at least discuss it with him. She shared his first thought was "good for us in being proactive with it", but shared his next comment was of pure surprise that it was the city doing this. He explained what he has

seen in other cities when a property came up for sale that neighbored onto that city, the homeowners who were directly affected by it usually pulled together to buy the property, not the city itself. City Administrator Leckey asked him about the possibility of future annexation of the property into the City of Lake Quivira and he said he didn't see that happening. He noted, annexation is not something he felt current Shawnee government officials would be interested in.

Councilmember Best said she thought from previous conversations, someone expressed there might be interest by other people associated with Lake Quivira in purchasing this land. She doesn't think we have really explored that option.

Councilmember McCullagh noted he spoke with an individual who indicated they were going to call some of their cohorts to discuss it, but he has never heard anything back from it.

Council President Christy replied stating he thinks there are eight Lake Quivira properties that back up to this as well as some common or green space, and maybe the first notification should go to those eight homeowners, should this motion pass for whatever the purchase price is, it seems they would be the most likely buyers of the land. And if annexation is completely off the table, that certainly changes the dynamic to some degree, but as a city we could engage with a developer to build a long cul-de-sac off Renner that puts eight single family homes there, each on five acre lots, with a Shawnee address, and that would be far better than leaving it to the unknown. He noted the time constraints have definitely made our jobs more difficult.

Councilmember Prieb indicated he was curious why we are the only ones (that he knows of) really acting on it. If others were really that concerned about it, how come no one else is putting as much effort into it as we are with all the special meetings and extra work that has been involved.

Mayor Lilja stated that was a good question, but one we do not have an answer for. Mayor Lilja noted everyone has their opinion, and there are no rights, or wrongs. He also noted, we all agree the timeline isn't ideal, but it is what it is. With that, Mayor Lilja stated we have a motion and a second, is there any further discussion? With no further discussion the motion was put to a vote.

City Clerk Bounds took a roll call:

John Christy – Aye
Annie Noland – Aye
Gayle Best – Aye
Dave McCullagh – Nay
Greg Prieb – Nay

Vote: 3-2. Motion carried.

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

City Attorney Daise explained nothing else in the ordinance other than the dollar amount has changed. She noted if the motion passes, a member of the Council should direct Kathy not to publish the Ordinance that was passed last week because that is the one that had the million-dollar amount in it. We will be replacing that Ordinance with this one for publication purposes. Ordinance No. 319 never took effect because it has not been published yet.

Special Council Riekhof also added the new ordinance has a not to exceed amount of \$1,180,000,000.

Motion: Councilmember Noland made a motion to approve a home rule ordinance authorizing the issuance of obligation bonds to finance the acquisition of land, and also directs the Clerk not to publish Ordinance 319. **Second:** Council President Christy seconded.

City Clerk Bounds took a roll call:

John Christy – Aye
Annie Noland – Aye
Gayle Best – Aye
Dave McCullagh – Nay
Greg Prieb - Nay

Vote: 3-2. Motion carried.

The Ordinance was assigned No. 320.

3) NEW BUSINESS

None.

4) EXECUTIVE SESSION

None.

5) ADJOURNMENT

Motion: Councilmember Best made a motion to adjourn the Special City Council Meeting at 3:13 p.m. **Second:** Council President Christy seconded. **Vote: 5-0. Motion carried.**

The Special Council Meeting adjourned at 3:13 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.