KECHI CITY COUNCIL MEETING MINUTES & 2016 BUDGET HEARING
Thursday, August 13, 2015
7 PM

I. CALL TO ORDER

Mayor, Ed Parker called the regular meeting of the Kechi City Council to order at 7:00 PM, 2015
Council present: David McConnaughhay Kevin Opat, and Brian Adams. Debbie Jacobs & Margaret McCormick were absent.

Staff Present: Robert Conger, City Administrator; Laura Hill, City Clerk; Nicole Alvarado Bailey, Finance Director/Treasurer; John Blevins, Chief of Police; J.T. Klaus, Triplett, Woolf & Garretson; Ben Winters, City Attorney;

Visitors Present: Sandra McConnaughhay, Dustin Avey, Piper Jaffray & Co. LLC; Mr. & Mrs. Mitchell Kolf, Sylvia McShae, David Dinell, Ark Valley News

A. PLEDGE OF ALLEGIANCE

B. APPROVE CONSENT AGENDA

Motion by Brian Adams to approve the consent agenda. Second by David McConnaughhay. Motion carried 3-0-0.

Consent agenda

1. **Approve minutes of July 23, 2015**
2. **Approve Appropriation Ordinance # 704**

C. APPROVE AGENDA

Motion by Kevin Opat to approve the agenda with the executive session to be for 5 minutes for personnel matters. Second by David McConnaughhay. Motion carried 3-0-0.

II. PUBLIC HEARING for the Proposed 2016 BUDGET & Capital Improvement Plan

1. **Open Public Hearing – no one spoke regarding the budget**
2. **Close Public Hearing**
3. **Adopt 2016 Budget & Capital Improvement Plan & authorize City Clerk to certify to Sedgwick County.**

Motion by Brian Adams to approve the proposed 2016 Budget & CIP and authorize the clerk to certify to the Sedgwick County Clerk. Second by David McConnaughhay Motion carried 3-0-0

III. COMMUNICATIONS

A. PUBLIC FORUM-Sylvia McShae 131 W. Kechi Rd. spoke to council regarding a drainage problem at her property. She would like to see it fixed like was done at Kechi Rd. & Sioux St. or on Matson's corner.

B. KECHI CIVIC GROUPS/COMMITTEES-None

IV. EXECUTIVE SESSION-Personnel Matters

Motion by Kevin Opat to go into executive session for 5 minutes for the discussion of non-elected personnel. Second by Brian Adams. Motion carried 3-0-0

V. OLD BUSINESS

A. Finance Director/Treasurer Search

Robert Conger, City Administrator introduced Mitchell Kolf to the council as the finalist for the Finance Director/Treasurer position and made recommendation for council's approval.

Motion by Kevin Opat to appoint Mitchell Kolf as the city's Finance Director/Treasurer at a Level 6 Step 1 on the city's pay plan, with a starting date of August 31, 2015. Second by Brian Adams. Motion carried 3-0-0.

VI. NEW BUSINESS

A. 2015 General Obligation Bond Refunding

1. Bond Sale; accept lowest bid

Dustin Avey, Piper Jaffray, City's Financial Advisor; reported that the city's general obligation refunding bonds had been sold earlier in the day, with the low bidder being Raymond James with an average interest rate of 2.22%. This will have a net savings to the city of $147,585.28.

Motion by Kevin Opat to accept the low bid from Raymond James with an average of 2.22%. Second by David McConnaughhay. Motion carried 3-0-0.

2. Ordinance 1676-15 - Authorizing the issuance of general obligation refunding bonds in the principal amount of $1,690,000 refunding certain outstanding general obligation bonds.

J.T. Klaus, Triplett, Woolf & Garretson, City's Bond Counsel; presented Ordinance 1676-15 for adoption which authorizes the issuance of the bond and paying off the outstanding bonds being refunded.

Motion by Brian Adams to adopt Ordinance 1676-15 providing for the issuance of the city's general obligation refunding bonds Series 2015 in the aggregate principal amount of $1,675,000.00. Second by Kevin Opat. Motion carried 3-0-0.

3. Resolution 15-647 – Prescribing the form & details of and authorizing & directing the sale of general obligation refunding bonds Series 2015

J.T. Klaus explained the resolution provides for the details of the sale and delivery of the refunding bonds and also simplified the legal publication.

Motion by Kevin Opat to adopt Resolution 15-647 prescribing the form and details of and authorizing and directing the sale and delivery of General Obligation refunding bond Series 2015 in the total aggregate principal amount of $ 1,675,000.00. Second by Brian Adams. Motion carried 3-0-0.

B. Authorization to sell used Police Equipment

John Blevins, Chief of Police requested authorization to sell two police bicycles that haven't been used in many years and not interest in using them in the future. He said the City of Andover would like to purchase the bicycles for $400.

Motion by Brian Adams to authorize the sale of the two police bicycles to the City of Andover in the amount of $400. Second by David McConnaughhay Motion carried 3-0-0.

C. Lot 1, Block F Snowbird Addition Sale: Council Options for Sale Proceeds

Robert Conger, City Administrator; presented the following report on the sale of Lot 1 Blk F Snowbird Addition Sale:

Background:

On July 28, 2015, JBoone Properties, LLC purchased Lot 1, Block F, Snowbird Park Addition from the City for a purchase price of $34,875 and an additional special assessment payment fee of $41,928.36 totaling $76,803.36. After closing and settlement costs, the balance received by the City totaled $74,254.05.

The purchase price and special assessment payment were agreed upon based on the exact amount of special assessment taxes remaining on the property. Under normal circumstances, special assessments would be paid to the County and then remitted back to the City in a later tax payment from the County Treasurer. Special Assessment proceeds received from the Treasurer are normally deposited in the City's Bond and Interest fund and then credited against the City's next Bond Payment (without specific assignment to any property), although the property assessments would show as paid. In this case, the City simply removed the special assessments from the property pursuant to the purchase agreement and took the proceeds of the sale as cash, which allows the City Council to exercise options beyond merely paying the occurring bond and interest obligations, which were already budgeted through 2016.

The buyer, JBoone Properties, LLC, and the property owner are no longer responsible for paying these special assessments. As a condition of the sale, they were cancelled. The Special Assessments have been satisfied as part of the purchase transaction and the City has been paid. Initially, the proceeds of the sale have been deposited in the General Fund and remain there to be disbursed in whatever manner the City Council decides is in the best interest of the City.

Considerations:

City Bonds for which the Specials were originally levied against this property have not been retired and, in fact, are not yet due. These must be paid by the City according to the existing bond repayment schedule. The proceeds from the sale may be deposited in the Bond & Interest Fund to pay debt, although they will not (and would not under any circumstances) have necessarily been used to pay the specifically earmarked debt associated with the Boone property.

The City Council may elect to just retain the money in the general fund (available for any budgeted capital expenditure); however, the money may not be spent if it exceeds the budget authority in any fund category within the 2015 Budget without the Council approving a budget amendment. For example, if $150,000 was allocated in the budget for street repairs, the property sale proceeds could not be added to street repairs if it caused more to be spent in the Street Fund than was budgeted, without a budget amendment.

Recommendation:

The proceeds of the sale were intended for the payment of City debt. Nonetheless, the City Council may choose to assign the use of these funds to other projects, or retain it in the general fund, as long as the City continues making the bond and interest payments, as scheduled.

The staff feels that the Lot 1, Block F Snowbird proceeds should be reserved in the General Fund for transfer to cover any other delinquent special assessments or shortfalls in the future repayment of City debt, unless a higher priority expenditure is brought before the City Council. In the alternative, the money could be transferred to the Bond & Interest Fund, now, restricting its use as a general debt payment, but, upon deposit, the flexibility in the use of the funds will be removed.

Motion by Brian Adams to transfer the sale proceeds in the amount of $74,254.05 from the sale of Lot 1 Blk F to the Bond & Interest Fund for restricting its use for payment of debt. Second by Kevin Opat. Motion carried 3-0-0.

VII. ADJOURNMENT

Motion by Brian Adams to adjourn the meeting. Second by Kevin Opat. Motion carried 3-0-0.

The time was 8 PM

Signed: _____
Ed Parker, Mayor

Attest: _____
Laura Hill, City Clerk