

MINUTES OF THE REGULAR CITY COMMISSION MEETING HELD OCTOBER 17, 2007

The governing body met in regular session on October 17, 2007 at 5:30 p.m. in the City Commission Room in the City Hall, the following members being present and participating, to wit: Commissioners Jindra, Johnson, Gilliland, Lanoue and Hosie.

Absent: None.

Other Officers: Interim City Manager Armour, City Attorney Uri and City Clerk Fleming.

The Mayor declared that a quorum was present and called the meeting to order.

Visitors: Jessica LeDuc, Toby Nosker, Chér Knudsen, Bruno Rehbein, Ron Deal, Mark C. Morgan, Larry Remmenga, Kirk Lowell, J.T. Klaus, Blake Hendrix, Jerry Byrns, Craig Augustine, Ron Copple, Ted Collins, Tom Tuggle, Suzy Tuggle, James D. Ganson, Larry S. Eubanks, Jim Winter, Kris Schrandt, Bill Garrison, Jim Stromberg, Pat Gerard, Rex Gerard, Arlene F. Clayton, Kent Otott, Janet Eubanks, Dennis Reedy, Marvin Copple, Jim Kaup, Dave Clemons, Don Lanoue, Danny Parker, Lowell Thoman, Janet Lowell, Galen Deneault, Kathy Snyder, Brendan Hardaway, Kevin Cowan, Darrell Nelson, Marcia A. Johnson, Jack Gould, LaDonna Peltier, John Davis, Jeremy Arnold, James Buller, Jim Menard, Dennis Fleming, Renee Hubert, Melvin Davenport, Dana Brewer, Ross Doyen, Patrick Cossel, Judie Deal and Dennis Smith.

Pastor Kent Otott provided the invocation before the city commission meeting.

Commissioner Hosie moved to approve the agenda. Commissioner Lanoue seconded. Motion carried.

APPROVAL OF MINUTES

Commissioner Gilliland moved to approve the minutes of the October 3, 2007, regular meeting. Commissioner Jindra seconded. Motion carried.

APPROPRIATION ORDINANCE NO. 19

TABLED

After discussion, Commissioner Lanoue moved to table Appropriation Ordinance No. 19 until the back page is made available. Commissioner Gilliland seconded. Motion carried.

PROCLAMATION

CHANGE YOUR CLOCK/CHANGE YOUR BATTERY

Commissioner Hosie read a proclamation and declared the November 4, 2007, as Change Your Clock/Change Your Battery day.

APPOINTMENT TO LIBRARY BOARD

MELISSAE STILES

Mayor Johnson stated the Library contacted the city and advised that Library Trustee Carolyn Atkinson moved out of state, creating a vacancy on the Library Board. Ms. Atkinson's term expires April 30, 2011. Melissa Stiles had completed an Expression of Interest Form and has indicated a strong interest in the library and a willingness to serve as a trustee. Commissioner Gilliland moved to appoint Melissa Stiles to the Library Board. Commissioner Lanoue seconded. Motion carried.

PUBLIC COMMENTS

Arlene Clayton made a few comments.

Dave Clemons stated one of his concerns with the annexation of the ethanol plant, was the fire department. He was concerned the fire department didn't have the capability to fight a fire at the ethanol plant and asked if the fire department had the equipment and qualified manpower to fight a fire at the ethanol plant. Mr. Clemons was concerned in a year or two (2) the fire department would have to purchase more equipment.

EMPLOYEE SERVICE AWARDS

LARRY REMMENGA, JEREMY ARNOLD
JAMES BULLER AND JIM MENARD

Mayor Johnson acknowledged and presented 10 year employee service awards to the following city employees: Larry Remmenga and Jeremy Arnold with the Pubic Utilities department and James Buller and Jim Menard with the Fire Department.

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APPROVE FARM LEASE – AIRPORT LAND

LOREN SWENSON

Ron Copple, Director of Public Works, advised the commission the city received six (6) proposals for the airport land lease (cash rent), as follows:

<u>BIDDER</u>	<u>PRICE</u>
D & G Deneault Farms	\$61.00/per acre
Jeff Buckley	\$68.00/per acre
Loren Swenson	\$78.00/per acre
Larry Naillieux	\$56.50/per acre
Dennis Reedy	\$55.00/per acre
Buckley Farms (Chad)	\$75.25/per acre

Mr. Copple recommended accepting the proposal of \$78.00 per acre, from Loren Swenson. Following discussion, Commissioner Hosie moved to approve the farm lease agreement with either a one (1) or three (3) year term. Commissioner Lanoue seconded. Motion carried.

PUBLIC HEARING –
CONSIDERATION OF PROPERTY TAX ABATEMENT
EVERTON ENERGY, LLC

HELD

Mayor Johnson opened the public hearing for the consideration of a property tax abatement for Everton Energy, LLC.

J.T. Klaus, Triplet, Woolf and Garretson, LLC, stated this was the next step in the progression to issue industrial revenue bonds.

Craig Augustine stated he had some concerns about a number of things. Mr. Augustine questioned if the road was included in the annexation. Mr. Augustine said he believed Everton was probably getting tax breaks and funding from the government, and that it should be relative to how much money we are talking about.

Jack Gould pointed out that stock in Sun Energy, an ethanol corporation, was \$27.00 a share in November and currently is \$10.41 a share. Mr. Gould said "that should tell you something and this thing is not going to work". Mr. Gould felt this project will cost the city a lot of money.

Mayor Johnson closed the public hearing.

RESOLUTION NO. 2007-1796
EVERTON ENERGY, LLC – TAX ABATEMENT

APPROVED

Commissioner Lanoue requested Fire Chief Eubanks to address the fire department issues. Chief Eubanks stated he had visited two ethanol plants and the plants were completely self-sufficient in the event of a fire. Mr. Eubanks stated the department does have the equipment and capability to handle a fire at the ethanol plant. Mr. Eubanks said the department does not have the foam, but it is in the agreement that Everton will furnish the foam for the city. Mr. Eubanks advised they are currently working on special training. He said currently they have enough staff, but nobody knows about tomorrow.

Commissioner Hosie stated with the approximate 570 acres being annexed into the city, the fire department may fall short if a grass fire occurred; the city may have to rely on the rural fire district.

Kevin Cowan with Gilmore and Bell, the city's bond council, stated under state law, industrial revenue bonds are not a direct obligation to the city. Mr. Cowan said the property tax abatement is purely an incentive the city can offer.

Commissioner Lanoue questioned if the company would sell and the bonds would go to the next company, the abatement would follow; or if that company pays the bonds off, then the abatement would go away. Mr. Cowan stated that was correct.

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Mr. Klaus stated in the first year the abated taxes would be estimated at \$570,000.00. Mr. Klaus said by annexing the property and obligating them to pay franchise fees, for every exemption dollar there will be a \$1.45 coming back, so the benefits in the first year, including utilities and utility franchise fees in year one are estimated at \$1.4 million. Mr. Klaus pointed out at the end of 10 years when the entire plant goes on the tax roll; there would be a significant increase in the assessed value. Mr. Klaus also pointed out, of the \$1.4 million, there's roughly \$700,000 in utilities and utility franchise fees that the city would not collect if they are in located in the county. Klaus stated if Everton does not make their payment in lieu of taxes, it provides that Everton immediately goes on the tax rolls.

Commissioner Hosie questioned whether the land would be exempt from taxation. He noted the resolution states everything would be exempt from taxes, and later on there would be an agreement that Everton will pay taxes on the land. Commissioner Hosie stated that this language was in the development agreement but not in the resolution.

Mr. Klaus advised the development agreement requires Everton to make a payment in lieu of tax on the remainder of the land and stated if the commission would like the resolution to state that as well they could amend the resolution. Mr. Klaus said the amendment would be Everton would make a payment in lieu of taxes in the amount of tax on the raw land.

Mr. Cowan suggested it would be a good idea to add a paragraph to that effect.

Mr. Klaus stated he would make the amendment to the resolution.

Among other business, in accordance with a notice published on October 8, 2007, in *The Blade Empire*, and a notice to the County Clerk of Cloud County, Kansas, Clerk of the Board of Trustees of Cloud County Community College and the Clerk of the Board of Education of Unified School District #333 mailed via certified mail, return receipt requested, on October 9, 2007, a public hearing was convened by the governing body relating to the granting of a tax exemption for property financed and relating to the issuance by the City of Concordia, Kansas, of its Industrial Revenue Bonds (Everton Energy, LLC) in the principal amount of not to exceed \$240,000,000 (the "Bonds") for the purpose of purchasing, acquiring, constructing and equipping an ethanol plant and related facilities to be located in the City of Concordia, Cloud County, Kansas (the "Project").

All interested persons were afforded the opportunity to present their views on the Project and the granting of the tax exemption therefor.

After all interested persons were afforded the opportunity to present their views on the granting of the tax exemption for the Project and following a discussion of the Cost Benefit Analysis dated May 31, 2007, which Cost Benefit Analysis included an analysis of the proposed effect on state revenues with respect to the granting of an ad valorem property tax exemption for the Project, the public hearing was closed.

Thereupon, among other business, there came on for consideration and discussion the following:

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF CONCORDIA, KANSAS, APPROVING AN AD VALOREM PROPERTY TAX EXEMPTION FOR PROPERTY ACQUIRED WITH THE PROCEEDS OF CERTAIN INDUSTRIAL REVENUE BONDS.

Thereupon, the Resolution was considered and discussed, and on motion of Commissioner Hosie, that the resolution be amended by adding language in reference to paying taxes on the land, in Section 1, seconded by Commissioner Jindra, the Resolution was adopted as amended by vote of the majority of all members present.

Thereupon, the Resolution, having been adopted by a majority vote of the members of the governing body, it was given No. 2007-1796, and was directed to be signed by the Mayor and attested by the City Clerk.

ORDINANCE NO. 2007-2942
ANNEXATION FOR EVERTON ENERGY, LLC

PASSED

Thereupon, there was presented an Ordinance entitled:

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AN ORDINANCE ANNEXING LAND TO THE CITY OF CONCORDIA, KANSAS. THE FOLLOWING DESCRIBED LAND ADJOINS THE CITY OF CONCORDIA, KANSAS, HAVING A STREET ADDRESS OF 1831 NORTH 180TH ROAD, AND IS GENERALLY LOCATED TO THE EAST OF THE CITY'S CURRENT CORPORATE LIMITS.

Bruno Rehbein, Building Inspector, advised the commission the city received a petition from Everton Energy, LLC for annexation. Mr. Rehbein introduced Jim Kaup, an attorney assisting the city. Mr. Kaup reviewed minor changes to the annexation ordinance, as first presented. He stated the changes are a few minor technical changes. Mr. Kaup advised the commission version one (1) of the ordinance had the following language added to it. The street address was added, the location was changed to "east", reference attachment "A" as a map and added "less any county road or county road right-of-way, whether held in fee title or by easement. He stated version two (2) of the ordinance did not have "attachment "A" as a map. Mr. Klaus advised the commission, Everton had signed a work order to upgrade the county road.

Commissioner Lanoue stated by annexing the plant into the city, Everton would have to follow the city zoning regulations, which would protect the neighboring property owners.

Thereupon, Commissioner Lanoue moved that said Ordinance, version one (1), be passed. The motion was seconded by Commissioner Jindra. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the governing body, the vote being as follows:

Yea: Commissioners Hosie, Jindra, Lanoue, Johnson and Gilliland.

Nay: None.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 2007-2942, was signed and approved by the Mayor and attested by the Clerk and was directed to be published one time in the official newspaper of the City.

MANAGER'S REPORT

Tom Armour, Interim City Manager, mentioned the following items:

1. KMIT awarded the City of Concordia a star of excellence for 2007 loss prevention.
2. Airport Advisory Board meeting held Monday, October 15, 2007. The Board discussed the settlement agreement and recruiting a Fixed Base Operator for the airport.
3. The paper work has been started for the temporary liquor license for the Sampler Fest.
4. Ron Copple and his crew will begin removing the fuel tank at the airport.
5. Work will begin on the 2007 budget to see if amendments will be needed.
6. A study session will be scheduled to review the impact of the ethanol plant and the wind energy plant to the city.
7. An elderly citizen requested the review of handicapped parking in downtown Concordia.
8. A request to have an executive session on the November 7, 2007 agenda. This would be interim city manager's last meeting.

MAYOR/COMMISSIONER COMMENTS AND REPORTS

Commissioner Hosie congratulated the four (4) employees for their ten years of service to the City of Concordia. Commissioner Hosie also congratulated staff for the loss prevention award they received. Commissioner Hosie requested to have a report on the bus trip to the Chiefs game.

Commissioner Lanoue thanked Larry, Jeremy, Jimmy and James for the 10 years of service with the city. Commissioner Lanoue asked Chief Eubanks if his department received another fire grant. Mr. Eubanks stated they had received a grant for Nathan Shaffer to attend paramedic training.

Commissioner Lanoue asked if the money had been transferred from TIF bond and interest to the bond and interest fund and if it was reduced from the amount it was off.

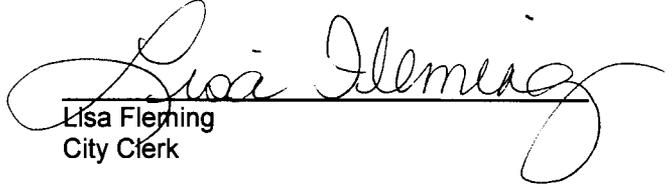
Mayor Johnson asked if the city had a specific noise abatement ordinance. Mayor Johnson had been asked what could be done, if anything, with cars that have loud stereos. Larry Uri informed him there is not a specific noise ordinance.

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Commissioner Gilliland said he appreciates the city allowing him and covering the costs to attend the League meeting. Commissioner Gilliland stated the league meeting was very informative.

Mayor Johnson announced there would be a study session following the meeting.

There being no further business, Commissioner Gilliland moved to adjourn the meeting. Commissioner Lanoue seconded. Motion carried.


Lisa Fleming
City Clerk

(Seal)