

Bond Case Briefs

Municipal Finance Law Since 1971

CONTRACTS - KANSAS

Jayhawk Racing Properties, LLC v. City of Topeka

Supreme Court of Kansas - April 9, 2021 - P.3d - 2021 WL 1323817

Private owners of a reversionary interest in a multi-purpose motorsports facility brought action against city, seeking declaration of its rights under a memorandum of understanding and alleging breach of agreement for city's purchase of the reversionary interest.

The District Court converted city's motion to dismiss for failure to state a claim into a motion for summary judgment, and granted the motion. Owners appealed, and the Court of Appeals reversed. City filed petition for review, which was granted.

The Supreme Court held that city's agreement served a governmental or legislative function, and thus facility owners could not sue for breach of contract when new city council decided not to proceed.

City's agreement to expand existing sales tax and revenue bond district and issue additional bonds to purchase full ownership interest in multi-purpose motorsports facility served a governmental or legislative function, and thus facility owners could not sue for breach of contract when new city council decided not to proceed; city's decision to invest in race track, expand the surrounding area and encourage commercial development, and improve the facilities, all with a purpose of making the city more attractive to visitors and increasing tax revenues and the economic viability of businesses, represented the epitome of governmental policy making, and while memorandum of understanding called for some routine maintenance, it emphasized major reconstruction and new development.