

Legislation Text

File #: BILL NO. 17-74, **Version:** 1

AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN LEE'S SUMMIT COVENANT GROUP, LLC, AS THE OWNER AND NOGLE & BLACK, INC., AND JAMES AND GAYLE NOGLE AS THE BUYERS, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY (OUTLOT INCLUDING JERSEY MIKE'S RESTAURANT) IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA.

Issue/Request:

AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN LEE'S SUMMIT COVENANT GROUP, LLC, AS THE OWNER AND NOGLE & BLACK, INC., AND JAMES AND GAYLE NOGLE AS THE BUYERS, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY (OUTLOT INCLUDING JERSEY MIKE'S RESTAURANT) IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA.

Key Issues:

The City and RED Lee's Summit East, LLC, executed the Amended and Restated Tax Increment Financing Contract on May 27, 2008 (as amended, the "**TIF Contract**") to implement the Lee's Summit East (Summit Fair) Tax Increment Financing Plan (the "**TIF Plan**"), for development of the Summit Fair Shopping Center. Section 32 of the TIF Contract provides that no sales of property in the TIF Redevelopment Area may be made to proposed buyers that are not directly affiliated with the Developer, while TIF bonds remain outstanding, without the prior written approval of the City. Section 32 also provides that these buyers (designated as "transferees" in the TIF Contract) are required to enter into a transferee agreement to confirm the transferees' obligations to comply with certain provisions of the TIF Contract as it relates to the transferred property.

Under Section 32 of the TIF Contract, when the City considers the proposed transfer of property to an entity that is not included in the pre-approved user list in the TIF Contract, the City may require that the transferee demonstrate to City's reasonable satisfaction that it has sufficient financial, management, property ownership and operation capabilities, and that it is interested in the long-term viability of the subject land use and the Redevelopment Plan as a whole. This provision provide a measure of protection for the City in the process of evaluating proposed transferees while the TIF Plan is in effect and TIF bonds remain outstanding.

The property proposed to be transferred, located at 940 NW Blue Parkway, Lee's Summit, is the multi-tenant retail pad building at the Summit Fair Shopping Center that has the Jersey Mike's restaurant and two other businesses. The City executed a transferee agreement with the current owner in 2013. The proposed transferee agreement is substantially identical to the agreement executed in 2013. The seller and buyer to the pending transaction have provided the following information to the City:

Lee's Summit Covenant Group, LLC, a Delaware limited liability company ("Seller"), is in escrow to sell the property, to Nogle & Black, Inc., an Illinois corporation, as to an undivided 2/3 interest, James H. Nogle, as Trustee of the James H. Nogle Trust dated November 12, 1997, as amended from time to time and each and every successor trustee(s), as to an undivided 1/6 interest and Gayle M. Nogle, as Trustee of the Gayle M. Nogle Trust dated November 12, 1997, as amended from time to time and each and every successor trustee(s), as to an undivided 1/6 interest (collectively, "Buyer"), and is requesting that the City approve the sale/transfer as required by the TIF contract.

The buyers of this property are James and Gayle Nogle (through their grantor trusts, detail below) and Nogle & Black, Inc. This will be a 1031 Exchange Transaction. We do not anticipate that there will be a mortgage on the property.

Following is a brief outline of the Nogle family history and their extensive experience in the ownership and management of commercial properties:

Family History / Experience (information provided by the buyer - Nogle family):

Nogle & Black, Inc., is a fourth generation family business. The company has owned, operated, and managed commercial and multi-family R/E investments since the mid 1950s. Sons James (Jim) and Charles J. (Jud) Nogle now operate the company and manage its residential, commercial, and farmland properties.

One of the family holdings is Monical Pizza Corporation, a popular regional chain with over 60 locations in four states (Illinois, Indiana, Wisconsin, and Missouri). The Nogle family owns many of the restaurant locations which are leased to Monical Pizza. Additionally, the Nogles own other restaurant and commercial properties.

Jim Nogle, will serve as the manager of the 940 NW Blue Parkway property and will oversee a local commercial management firm which will be hired to handle most management responsibilities. Until November of 2016, Jim and his wife Gayle owned and personally managed apartments on the University of Illinois campus for over 40 years. Jim has extensive experience in all aspects of property management. He continues to serve as a corporate officer and Director of Monical Pizza (for over 30 years), and is serving in his 14th year as a Director of Busey Bank (a regional bank, headquartered in Champaign, IL).

Jud Nogle operates an aviation facility specializing in the maintenance and restoration of T-34 ex-military aircraft for sport minded private pilots. Jud is also a Monical Pizza Director, an instructor pilot, and private jet manager and charter pilot.

Nogle Family Properties:

500 W. 75th St, Downers Grove, IL - sports bar and grill restaurant
2102 W Springfield - DerWeinershnitzel / Tasty Freeze Restaurant
1701 S. Neil St. - RibEye Steak House Restaurant
Corporate Hangar, at Willard Airport, Savoy, IL
1401, 1403, 1407 W. Hill Street, Urbana IL Warehouses for Hospital
Resale Shop, 1044 E. Jemima St., Clinton, IL
Monical Pizza Restaurants - leased to Monical Pizza Corp:
Urbana, IL
St. Joseph, IL
Hoopeston, IL
Gibson City, IL
Tilton, IL
Charleston, IL
Mattoon, IL
Bloomington, IL

860 acres of Central Illinois Farmland in Champaign, Piat, and DeWitt Counties

These Apartment Buildings were sold in late 2016:

107 E. Chalmers, Champaign, IL
105 E. Chalmers, Champaign, IL
110 S. Gregory St., Urbana, IL

702 W. Washington, Champaign, IL

All of the above properties are owned debt free. The Nogle family maintains an excellent relationship with all tenants, municipalities, and neighbors and the properties are very well maintained.

References:

Jennelle Reents, President, Monical Pizza Corporation: janelle@monicals.com <<mailto:janelle@monicals.com>>
Donna Jacob, Vice-President, Monical Pizza Corporation: donna@monicals.com <<mailto:donna@monicals.com>>
<<http://www.monicals.com>>
Office Phone: 815-937-1890

Chuck Eyman, Commercial Lending, Hickory Point Bank
chuck.eyman@hickorypointbank.com <<mailto:chuck.eyman@hickorypointbank.com>>
(217) 552-2266

Ownership Detail:

Nogle and Black, Inc., an Illinois corporation, (undivided 2/3 interest) James H. Nogle as Trustee of the James H. Nogle Trust dated November 12, 1997 (undivided 1/6 interest) , Gayle M. Nogle as Trustee of the Gayle M. Nogle Trust dated November 12, 1997 (undivided 1/6 interest) .

Proposed City Council Motion:

I move for second reading of AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN LEE'S SUMMIT COVENANT GROUP, LLC, AS THE OWNER AND NOGLE & BLACK, INC., AND JAMES AND GAYLE NOGLE AS THE BUYERS, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY (OUTLOT INCLUDING JERSEY MIKE'S RESTAURANT) IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA.

I move for adoption of AN ORDINANCE APPROVING A TRANSFEREE AGREEMENT BETWEEN LEE'S SUMMIT COVENANT GROUP, LLC, AS THE OWNER AND NOGLE & BLACK, INC., AND JAMES AND GAYLE NOGLE AS THE BUYERS, AND THE CITY OF LEE'S SUMMIT, MISSOURI, FOR THE TRANSFER OF PROPERTY (OUTLOT INCLUDING JERSEY MIKE'S RESTAURANT) IN THE LEE'S SUMMIT EAST (SUMMIT FAIR) TAX INCREMENT FINANCING REDEVELOPMENT AREA.

Timeline:

The transaction would occur in March 2017.

Recommendation:

Staff recommends approval

Committee Recommendation: [Enter Committee Recommendation text Here]