

Legislation Text

File #: BILL NO. 21-151, **Version:** 1

An Ordinance Approving a Transferee Agreement Among Red Summit Fair, LLC, Sahara Pavilion South SC, LLC, Win, LLC, and the City of Lee's Summit, Missouri, for the Transfer of Property in the Lee's Summit East (Summit Fair) Tax Increment Financing Redevelopment Area.

(Note: First read by Council on July 20, 2021. Passed by unanimous vote.)

Issue/Request:

Request to approve a Transferee Agreement which will allow for the sale of the property that is occupied by the Macy's store in the Summit Fair shopping center.

Key Issues:

Sale of property occupied by the Macy's store in Summit Fair to a new owner.

Proposed City Council Motion:

I move for adoption of an Ordinance Approving a Transferee Agreement Among Red Summit Fair, LLC, Sahara Pavilion South SC, LLC, Win, LLC, and the City of Lee's Summit, Missouri, for the Transfer of Property in the Lee's Summit East (Summit Fair) Tax Increment Financing Redevelopment Area.

Background:

The City and RED LEE'S SUMMIT EAST, LLC, a Missouri limited liability company, the developer selected by the City ("Developer") 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 currently occupied by the Macy's store which is located at 900 NW Blue Parkway and has County tax parcel identification number 51-700-03-30-00-0-00-000 is jointly owned by the companies Red Summit Fair, LLC and Sahara Pavilion South SC, LLC, which were approved as the joint owners of this property by the

City Council pursuant to Ordinance No. 7878 on May 5, 2016 which approved a Transferee Agreement for the acquisition of the property jointly by these parties. The property proposed to be transferred is the single tenant retail building at the Summit Fair Shopping Center that presently has Macy's as a tenant.

The seller and buyer to the pending transaction have provided the following information to the City:

Seller: RED SUMMIT FAIR, LLC, a Delaware limited liability company, as to an undivided 20% interest, and SAHARA PAVILION SOUTH SC, LLC, a Delaware limited liability company, as to an undivided 80% interest, as tenants-in-common, ("Seller").

Buyer: WIN, LLC., a Kansas limited liability company, which has the following ownership -- Joyce J. Winter (undivided 21% interest) Joyce J. Winter as Trustee of the Robert F. Winter Revocable Trust dated 2/17/2020 (undivided 19% interest), Jeff A. Winter (undivided 19% interest), June R Winter (undivided 21% interest), James L. Winter (undivided 10% interest), Jeanne L Growth Winter (undivided 10% interest) (collectively, "Buyer").

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

Family History / Experience:

The Winter family has been in the furniture business for over 80 years. In the early 1930's Ben and Eva Winter took a risk and invested in a Derby Gas Station, along with a soda fountain - which they named "The Howdy Come In" on Highway 50, west of Emporia, Kansas. They also purchased four milk cows and named them Silk, Faith, Perseverance, and Hope. As the cows produced more milk than expected they began making a family specialty - homemade frozen custard. It soon became the featured item at the Howdy Come In. Eva would delight customers with her joyous attitude and by adding "a little extra on top" to every serving of frozen custard. The Winter's homemade frozen custard became so popular, they soon delivered it throughout the streets of Emporia, first by horse drawn wagon, then by motorized wagon.

One day a hitchhiker stopped in the Howdy with two suitcases, one for his clothing and the second for his cabinet making tools. Ben and Eva hired him to use some walnut lumber in one of the barns to make a chifferobe for the soon to be born baby boy, Bobby (second generation owner, Bob Winter). Ben and Eva were so impressed with the craftsmanship of the chifferobe that Ben was inspired to acquire furniture from local farm auctions and have the cabinetmaker recondition it. Soon the dairy barn became home to new and reconditioned furniture, and the beginning of the Winter Furniture Store.

After several years, Ben and Eva desired to grow the business they had grown to love and moved the store from the dairy barn to downtown Emporia. A generation later, in 1967, Bob Winter and wife Joyce, joined the family business. They moved from Denver, Colorado where Bob got his start as a buyer for Davis and Shaw Furniture. Bob worked along with his brother Richard and father Ben for nearly 30 years at Winter Furniture in Emporia.

When Bob and Joyce were nearly 65 they began planning the opening of a new store in Topeka. When most people their age were ready for retirement, they experienced a burning desire to open a new furniture store. As they were brainstorming the business model with the family, their oldest son Jeff, became particularly

interested in the concept. He thrilled his parents when he and his wife June decided to join them in opening Discovery Furniture by Winter, in Topeka, in 2000. Jeff and June moved their family from Iowa to join the family business. Jeff, a graduate from Kansas State University in mechanical engineering, had worked at Maytag for 16 years and enjoyed the engineering, manufacturing, and management roles greatly, but the opportunity to work in the family business was one he felt called to do.

In 2003, they desired to grow the family business, and opened RoomMakers in Topeka and an Ashley Furniture HomeStore the following year (2004) in Salina, Kansas. In 2009, Bob and Joyce's youngest son, Jamie and wife Jeanne moved from Michigan to join the family business. Jamie was an Executive with Continental where he utilized his degrees in electrical engineering from Kansas State University and an MBA from Texas A&M University. He gained great experience and enjoyed various roles in auto electronics manufacturing, including moving his family to China to start a plant from scratch. However, after 16 years in manufacturing, he felt the call to come join family business.

In 2010, a second location of Discovery Furniture and RoomMakers, along with a new Mattress Headquarters was opened in Lawrence, Kansas. This was the beginning of the mall concept to bring multiple stores under one roof, to provide the convenience of big selection with the small local store feel.

As the Winters were planning to bring the mall concept to Topeka in 2011-2012, Marling's Furniture, one of the long standing (75 years) furniture stores in Topeka, was looking to sell their building and close. Marling's had an excellent reputation and specialized in the good to higher end market, therefore, adding it to the mall concept was an opportunity to keep their name alive as well as extend our offerings in higher end goods. Therefore, the mall concept grew to include three furniture brands covering three distinct price ranges from good to better and best.

In 2013, the Furniture Mall of Kansas opened in Topeka. It included three furniture stores: Discovery Furniture, RoomMakers, and Marling's, and a mattress store - Mattress Headquarters. Third generation owner, Jeff Winter, says, "we believe our guests want big selections, but not the big box feel, so by dividing a big space into three furniture stores and a mattress store, we'd make it easier for our guests to shop and keep some of the small store feel they have come to appreciate."

In 2015, the Winters opened a second and bigger Furniture Mall of Kansas in Olathe. We were tired of the same frustrations most customers were facing while shopping, from High pressure salesmen looking out for their own interests to guests not getting the help they need to design the space they are proud to call home. All the Best brands, styles, and looks at best quality for your budget. This gives our guest everything they are looking for all while making the guests experience fun and fulfilling. Our guests get the best of both large selection and small store feel with home-town service.

The expansion of this model has been our dream to make more happy guests everywhere, so in 2020, the Winter Family partnered with friends and fellow Furniture Store Owners of Austin's Couch Potatoes, Dan Anthony, Brian Morgan, and Travis Morgan to bring the first Furniture Mall to Texas.

Our Motto of "Happy Family, Happy Guest, Happy Business" is at our core at every mall. We focus on our work family to create a team of people not just doing jobs but working together in a way that is fun, helpful and helps others! Happy Guest is the next step... our Happy Family can now completely focus on you, "our Guests"

to enjoy shopping again and making your home everything you want. When these two come together it makes for a Happy Business; knowing that we are helping people and is what it's all about!

Winter Family Properties:

Furniture Mall of Kansas, 1901 SW Wanamaker Road, Topeka, KS 66604

Furniture Mall of Kansas Outlet 140 SE Jefferson, Topeka, KS 66607

Furniture Mall of Kansas, 2125 E Kansas City Rd, Olathe, KS 66061

Furniture Mall of Texas, 12901 N. Interstate Hwy 35, Building 3 Suite 300, Austin, TX 78753

Ownership Detail:

WIN, LLC., a Kansas limited liability company, consisting of --

Joyce J. Winter, (undivided 21% interest) Joyce J. Winter as Trustee of the Robert F. Winter Revocable Trust dated 2/17/2020 (undivided 19% interest), Jeff A. Winter (undivided 19% interest), June R Winter (undivided 21% interest), James L. Winter (undivided 10% interest), and Jeanne L Growth Winter (undivided 10% interest).

Impact/Analysis:

This will allow for the sale of the property that is currently occupied by Macy's, which will lead to the opening of a new store on that property.

Timeline:

Developer has indicated that the real estate transaction will happen this year.

David Bushek, Chief Counsel of Economic Development & Planning

Melissa Goodson, RED Development

Scott Rehorn, RED Development

Recommendation: Staff recommends approval of the ordinance.