



Land Bank

Tuesday, September 19, 2023, 6:00 p.m.

Memoria Auditorium 208 N. Washington Ave.

Agenda

ROLL CALL

APPROVAL OF MINUTES

AUDIENCE PARTICIPATION

- Kevin Cooper – Crestview Heights
- Sampayo Capital Group – Crestview Heights

REPORTS OF BOARD AND STAFF

NEW BUSINESS

OLD BUSINESS

ADDITIONAL BUSINESS

ADJOURN

The Land Bank Board met in Wellington, Kansas on August 15, 2023 at 6:00 p.m., in the City Council Room, City Administration Center.

The Pledge of Allegiance was led by Chairman Rick Roitman.

Land Bank Board of Trustee members Kevin Dodds, Robert Hamilton, Guy Leitch, Rick Roitman, Joe Soria, Mike Westmoreland and Jim Valentine were all present at roll call.

Members of the City Staff present were City Manager Jeff Porter, City Clerk/Finance Director Heidi Theurer, City Attorney Shawn DeJarnett, and Police Chief Tracy Heath.

Approval of Minutes

Trustee Hamilton made a motion to approve the minutes from June 20, 2023 as presented. Trustee Leitch second. The motion carried.

Audience Participation

Wellington residence Kevin Cooper, who lives in Crestview Heights Addition addressed the Trustees. He has three lots in the development and has been waiting for the undeveloped land to go up for tax sale. His goal is to purchase additional land to move his beehives farther away from his house and children, plus plant more fruit trees. For the past couple of years, he has been mowing three extra lots near his home. He's confused about why the Land Bank is taking these lots off the tax roll. Kevin was told by City Manager Porter there is a developer interested in the lots; he understands the goal is to get properties back on the tax roll. These lots are a major undertaking, and the history of the lots has not been positive. Taxes & specials have been wiped clean in the past during tax sales. Adding up all the tax sales plus the current taxes owed totals over \$355,000 that the City has lost. If we are going to get into another partnership with a contractor, how does the City know this won't happen again and history repeats itself? The City has required other local businesses to obtain a bond to cover the specials in recent years. Is the City going to make this a requirement of a new contractor? Lots are very small, which is why this development has not worked in the past. Twenty-two homes cannot fit in this development. The average ad valorem tax is \$1,500 per year; it would take fifteen years to recoup this amount.

Trustee Dodds stated the city is not losing the money, but it should be the county's loss. Kevin Cooper said the figure he used is special taxes which is paid to the City. Multiple entities lost money- the school, city, etc. Dodds said council did not abate the specials in the past meeting, they simply delayed them.

Trustee Hamilton asked Kevin what he would like to see done with the lots. Kevin wants his bee hives 300 feet instead of 150 from his house. Forty or Fifty houses built in that addition would have been great, but it just has not worked out.

Kevin mentioned the 1826 W. 8th Street lot. This individual property could have a home built on it. The problem is nobody wants to build on several lots. He is not arguing that a developer would want to come to town, build homes, and in turn sell properties.

Trustee Westmoreland asked about the fact that multiple developers are interested in the online Sumner Newscow article. Chairman Roitman indicated he had mentioned this in past meetings.

New Business

Chairman Roitman said the Trustees have a new donation consideration at 1309 N. B Street. It is a vacant lot. In his opinion it would be attractive to a builder. Chairman Roitman made a motion to approve the donation. Trustee Dodds seconded the motion. Upon roll call vote, those voting “AYE” were Trustees Soria, Westmoreland, Dodds, Hamilton, Leitch and Valentine. There were no “NAY” votes. The motion carried.

The second item is the abatement of special assessments on the Crestview Heights properties and 1101 Myles Drive. Chairman Roitman said the Council voted to defer specials two weeks ago on Crestview Heights. He has an unsigned letter of intent in his hand from a proposed developer; however, he will not divulge the name. Roitman stated he wants to re-amortize the specials; however, a decision is not needed at this time.

Debbie Norris, Sumner County Clerk, said the specials currently due or past due sunset in the 2023-24 tax year. She inquired whether the Council will require past due specials be paid along with any new specials for infrastructure. Once specials are removed, because they technically cannot be paused in their system, then each amount will need to be hand-keyed back onto each property. The City’s portion is \$115,000. Chairman Roitman believes once twenty-two houses are built, in the \$200,000-\$250,000 range, then the taxes would be more than \$1,500 per year. Multiply that out and it’s roughly \$60,000 per year, which is not an insignificant amount in his opinion. He hopes to get the contractor to pay for some of the costs, instead of the City and then accessing special taxes to the property owners. More discussion was held on the story posted on Newscow.

Trustee Soria asked Kevin Cooper if he is interested in buying some of the lots. Kevin said he would be required to pay all the current ad valorem and special taxes. Chairman Roitman countered saying he would only have to pay the specials. Trustee Westmoreland stated the Land Bank Trustees would need to make that determination.

Chairman Roitman brought up the Myles Drive property next; he said the lot is not worth \$13,881 due to it being in a floodplain. He believes a neighbor may be interested in purchasing it, but not for this amount. In his opinion, specials should not have been allocated to this lot. The trustees will vote on it at the next meeting. Trustee Dodds clarified it would be a Council decision.

Chairman Roitman wants to be the Land Bank representative for the tax sale next Tuesday. Trustee Dodds finds it irregular to nominate oneself, thus he made the motion to nominate Chairman Roitman. Trustee Leitch seconded. All trustees agreed in a voice vote.

ADJOURN

A motion was made to adjourn and was seconded. The motion carried.

Approved and filed this day September 19, 2023.

Chairman

Secretary



Memorandum

To: Land Bank Trustees

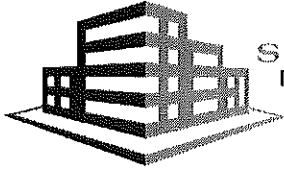
From: Jeff Porter, City Manager

Date: September 15, 2023

Re: Property Tax Information

For the agenda, Chairman Roitman has invited representatives of Sampayo Capital Group to discuss their vision for the Crestview Heights subdivision. This group is working in partnership with the City of Arkansas City to develop a new affordable housing subdivision in the southeast section of the community.

Attached is the letter of intent submitted by the firm and some information about the project presented to the City Commissioners in Arkansas City.



SAMPAYO CAPITAL GROUP
RURAL VISION DEVELOPMENT

August 15, 2023

Alfredo Sampayo
Sampayo Capital Group – Rural Vision Development
801 E. Douglas Ave. Floor 2nd
Wichita, KS, 67202
(918)807-1999

Rick Roitman
Land Bank President
City of Wellington, KS
317 S. Washington Ave, Wellington, KS

Re: Letter of Intent for Wellington Residential Housing Development – Crestview Heights

Dear Mr. Roitman,

This letter is intended to summarize the principal terms for proposal by which the City of Wellington, Kansas, a municipal corporation organized and existing under the laws of the State of Kansas (hereafter “the City”), would agree to transfer title to certain real estate to an entity organized under Kansas law for the purpose of development of the Property (as defined below) by Alfredo Sampayo and his business partners Rick Cutrera, Gordon Hendry, and Mark Teitelbaum (hereafter referred to collectively as “Developer”). The City and/or its affiliated land bank owns certain parcels of real property in Crestview Heights. The Developer desires to acquire such parcels to construct single family residential housing. The real estate subject to this Letter of Intent is depicted on Exhibit A attached hereto and a legal description shall be attached as an exhibit or later agreed to upon completion by a licensed surveyor (the “Property”).

The principal terms of the proposed transaction are as follows:

Property. The City agrees that it will not transfer title to the Property, nor will it consider offers by other developers to acquire the Property, during the term of this Letter of Intent.

Purchase Agreement. Within 60 days of the execution of this Letter, the parties shall use their best efforts to negotiate and execute a definitive Purchase Agreement (“Purchase Agreement”) for Developer to acquire the Property from the City that contains the terms and conditions stated in this Letter of Intent and other customary commercial real estate terms and conditions and representations and warranties, including due diligence of the property, acquiring all necessary approvals by governmental and regulatory agencies for Developer’s intended use (including zoning and land use plans), incentives needed by Developer to make the project successful and a binding financing commitment by a financial institution. The due diligence period shall be no more than 120 days and a closing shall occur within 30 days following the expiration of such period.

Consideration. Because the City anticipates it will realize a significant stream of (a) additional 801 E Douglas Ave. Floor 2nd Wichita, Kansas, 67202
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tax revenue and (b) additional residents to provide a local workforce and frequent local businesses within the City as a result of the construction of single family residential units, the City will transfer title to the Property without payment by Developer to the City. The Purchase Agreement, among other matters, shall require the parties to take the following actions as Consideration for the title transfer:

A.—Developer shall commence construction of the residential units on the Property no later than 24 months after execution of this Letter of Intent, but as soon as reasonably and commercially practical.

B. The City shall:

- i. Support and assist Developer's efforts to obtain all applicable economic development incentives and tax rebates/incentives under Kansas or City law, including without limitation (a) under the Rural Housing Incentive District, which shall fund infrastructure and other permitted project costs, and (b) supporting an application to become a Qualified Housing Project under the Kansas Housing Investor Credit; and
- ii. Assist with and support the connection to the existing utilities on the Property at no cost to the Developer, provided Developer meets the requirements of the local program. Developer shall have a binding agreement with such utilities prior to or upon closing (or such costs shall be covered under the RHID as an alternative).

Costs. Each party will be responsible for and bear all of its respective costs and expenses incurred at any time in connection with consummating this transaction.

Governing Law. The binding provisions will be governed by and construed under the laws of the State of Kansas, U.S.A., without regard to its conflicts of law principles.

Jurisdiction: Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of this letter may be brought against either of the parties in the courts of the District Court in and for Cowley County, State of Kansas, U.S.A. and each of the parties consent to the jurisdiction of such court in any such action or proceeding and waives any objection to venue therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

Assignment. Developer may assign its rights under this Letter of Intent to any affiliated entity created for the purpose of the acquisition contemplated herein. Any successor in interest may not assign its rights under this Letter of Intent to a third party, without written consent by the City, in the City's sole discretion.

Non-Binding. This Letter of Intent is understood and agreed to be a non-binding summary of the terms and conditions of a proposed transaction, that no party shall be contractually bound or legally liable in any way except pursuant to a Definitive Agreement.

Counterparts. This letter may be executed in one or more counterparts, each of which will be deemed to be an original copy of this letter and all of which, when taken together, will be 801 E Douglas Ave. Floor 2nd Wichita, Kansas, 67202
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deemed to constitute one and the same agreement.

If you are in agreement with the foregoing, please sign and return one copy of this letter, which thereupon will constitute our Letter of Intent with respect to its subject matter.

Sincerely,

CITY OF WELLINGTON

By: _____

Printed Name:

Title:

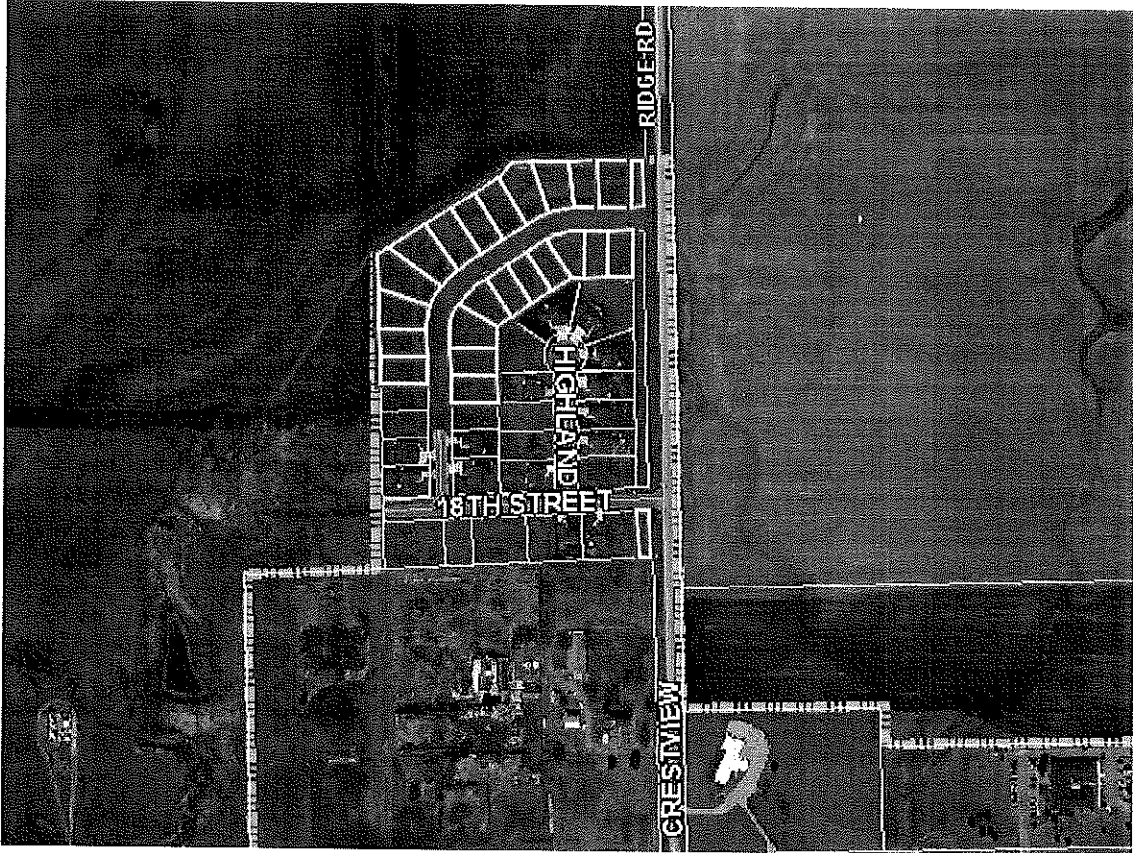
Duly executed and agreed on this ____ day of August, 2023

DEVELOPER

By: _____

Alfredo Sampayo on behalf of Developer

Exhibit A – Property Depiction



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