

IN THE COUNTY LEGISLATURE OF JACKSON COUNTY, MISSOURI

AN ORDINANCE appropriating \$83,609.00 from the undesignated fund balance of the 2019 Collector's Maintenance Fund, transferring \$6,391.00 within the 2019 General Fund, and authorizing the County Executive to execute a Cooperative Agreement with the City of Kansas City, Missouri, relating to a tax notice pilot project for the County's delinquent land tax foreclosure sale.

ORDINANCE NO. 5206, March 4, 2019

INTRODUCED BY Crystal Williams, County Legislator

WHEREAS, by Resolution 19915, adopted July 23, 2018, the Legislature did express its intent to work cooperatively with the City of Kansas City, Missouri, to develop a pilot project to improve the County's delinquent tax foreclosure notice procedures in a manner than would increase the availability of reasonably priced owner's and lender's policies of title insurance for parcels purchased by the public at the annual delinquent land foreclosure sale; and,

WHEREAS, the parties have negotiated the attached Cooperative Agreement to govern the terms and conditions of this arrangement, for which each party has pledged the contribution of \$90,000; and,

WHEREAS, an appropriation and transfer are necessary to place the pledged funding into the appropriate spending accounts; now therefore,

BE IT ORDAINED by the County Legislature of Jackson County, Missouri, that the

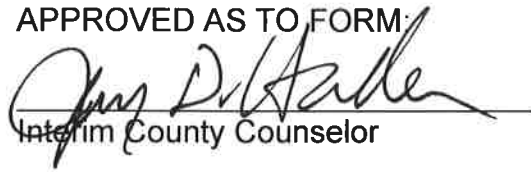
following appropriation and transfer be and hereby are made:

<u>DEPARTMENT/DIVISION</u>	<u>CHARACTER/DESCRIPTION</u>	<u>FROM</u>	<u>TO</u>
Collector's Maintenance Fund			
049-9999	2810-Undesignated Fund Balance	\$83,609	
049-1403-Collections	56790-Other Contractual Services		\$83,609
General Fund			
Collections			
001-1403	55010- Regular Salaries	\$ 6,391	
001-1403	56790-Other Contractual Services		\$ 6,391

BE IT FURTHER RESOLVED that the County Executive be and hereby is authorized to execute the attached Cooperative Agreement with the City of Kansas City, Missouri.

Effective Date: This ordinance shall be effective immediately upon its signature by the County Executive.

APPROVED AS TO FORM:


Interim County Counselor

I hereby certify that the attached ordinance, Ordinance No. 5206 introduced on March 4, 2019, was duly passed on March 11, 2019 by the Jackson County Legislature. The votes thereon were as follows:

Yeas 8

Nays 0

Abstaining 0

Absent 1

This Ordinance is hereby transmitted to the County Executive for his signature.

3-11-19
Date


Mary Jo Spino, Clerk of Legislature

I hereby approve the attached Ordinance No. 5206.

3/12/19
Date


Frank White, Jr., County Executive

Funds sufficient for this appropriation and transfer are available from the sources indicated below.

ACCOUNT NUMBER: 049 9999
ACCOUNT TITLE: Collections Maintenance Fund
Undesignated Fund Balance
NOT TO EXCEED: \$83,609.00

ACCOUNT NUMBER: 001 1403 55010
ACCOUNT TITLE: General Fund
Collections
Regular Salaries
NOT TO EXCEED: \$6,391.00

2/28/19

Date



Chief Administrative Officer

COOPERATIVE AGREEMENT FOR TAX SALE NOTICE PILOT PROJECT

THIS COOPERATIVE AGREEMENT, dated _____ is made and entered into by and between the City of Kansas City, Missouri (the "City"), a constitutionally chartered municipal corporation and Jackson County, Missouri (the "County").

WHEREAS, delinquent land tax foreclosure sales are conducted in the County each year by the Circuit Court Administrator under and pursuant to the Land Tax Collection Law under Chapter 141 RSMo (the "Act"), in which real property parcels each subject to a judgment of foreclosure obtained by the County for delinquent real property tax are sold pursuant to and to satisfy such judgment; and

WHEREAS, in accordance with the Act, the County performs a title search for each such parcel and provides notice of such sale as required by law, including, mailing, publication and posting; and

WHEREAS, the County and the City have received comments from purchasers of some parcels at the annual delinquent land tax foreclosure sales that title companies are reluctant to issue, refuse to issue, or charge unreasonably high premiums for issuance of an owner's policy or lender's policy of title insurance on such a parcel; and

WHEREAS, as a result of such practical unavailability of title insurance, some potential tax sale purchasers may be discouraged from bidding, or once the parcel is purchased, funding for structural improvements on the parcel may be unavailable, greatly restricted or unaffordable; and

WHEREAS, it is believed that increased owner and lender title insurance availability for such parcels may contribute to the stabilization of the neighborhoods where such parcels are located and therefore, is of great interest to the County and the City; and

WHEREAS, the Land Bank of Kansas City ("Land Bank") acquires parcels by deemed sale for no cost and may acquire parcels by active bid sale for reduced cost in delinquent land tax foreclosure sales under the Act, and resells such parcels; and

WHEREAS, revenues that fund the Land Bank are generated by such resale of parcels and by taxes on such parcels for three years following such resale, and increased owner and lender title insurance availability for such parcels may contribute to an increase in such revenues and therefore is of great interest to the City; and

WHEREAS, the County and the City desire to work collaboratively to structure delinquent land tax foreclosure sale procedures which, if successful and implemented, it is believed in many cases would increase the availability of reasonably priced owner's policy of title insurance for a purchaser of a parcel purchased at such as sale and reasonably priced lender's policy of title insurance on parcels purchased at such a tax sale; and

WHEREAS, the County and the City desire to set forth herein the actions, funding, implementation, and evaluation of the structure on a pilot program basis for the 2019 Delinquent

Land Tax Foreclosure Sale, including, without limitation, the terms of any RFP for title company involvement; and

WHEREAS, the parties agree that this pilot program will only include those parcels scheduled for the 2019 Delinquent Land Tax Foreclosure Sale (the "Tax Sale") as of March 31, 2019 that are located within the City and having a market valuation not less than seven thousand dollars (\$7,000) nor more than twenty thousand dollars (\$20,000) as then reflected on the County tax records (the "Pilot Parcels"); and

NOW THEREFORE, for the mutual covenants and considerations hereinafter set forth, it is agreed by and between the parties as follows:

1. Statutory Authority Pursuant to Section 70.210 et seq. RSMo, as amended, the City and County enter into this Agreement.

2. Title Vendor, Report and Commitment.

- a. The County and the City will collaborate to set specifications for a County vendor solicitation for title services of a title company ("Title Vendor") through a County competitive bidding process or exception thereto, to include (1) title search services by the Title Vendor to produce by June 1, 2019 a title commitment ("Title Commitment") for each Pilot Parcel for a per parcel fee sufficient to identify each owner of such Pilot Parcel as contemplated in subsection 5 of Section 141.540 RSMo ("Parcel Owner") and each such other party, if any, as have a legal or equitable interest in such Pilot Parcel ("Interested Party") and commitment to the County and the City and any designee of either to issue within sixty (60) days after the Court Administrator's Deed for the Pilot Parcel is issued, in accordance with a premium schedule authorized therefor under Missouri Department of Insurance regulations, an owner's policy of title insurance to any purchaser of a Pilot Parcel at the Tax Sale and a lender's policy of title insurance on any such parcel without any exception for lack of or improper notice if the actions described in subsection 2.c., below (the "Notice Actions"), are taken with respect to such Pilot Parcel; (2) an obligation that the Title Vendor will not charge the County or the City any fee or other charge for such an owner's policy of title insurance or lender's policy of title insurance if not owner of record of the Pilot Parcel; (3) an obligation that the Title Vendor will reimburse the County for the Title Commitment fee paid the Title Vendor for any Pilot Parcel for which an owner's policy of title insurance or lender's policy of title insurance is first issued following issuance of the Court Administrator's Deed; and (4) such other obligations and preferences of the Title Vendor as may be specified by the County and the City. In considering applications in response to its RFP for title services under this Section, the County may give preference to the applicant or applicants that offer owner's policies of title insurance and lender's policies of title insurance at reduced rates and for establishing liberal terms for issuance of such policies.

- b. If the City and the County fail to agree upon the solicitation specifications for Title Vendor by March 15, 2019 or fail to agree upon the selection of a Title Vendor by April 30, 2019, this Agreement shall terminate.
- c. With respect to any Pilot Parcel, the term "Notice Actions" shall mean:
- 1) Notice of the Tax Sale by First Class Mail mailed to each Parcel Owner and each Interested Party of the Pilot Parcel in the form and content and at the time as contemplated in Section 141.540 RSMo.
 - 2) Notice of the Tax Sale by Certified Mail Return Receipt Requested to each Parcel Owner of the Pilot Parcel in the form and content and at the time as contemplated in Section 141.540 RSMo.
 - 3) Notice of the Tax Sale by Certified Mail Return Receipt Requested to each Interested Party of the Pilot Parcel in the form and content and at the time as contemplated in Section 141.540 RSMo.
 - 4) If the Pilot Parcel has an improvement value as then reflected on the County's tax records, notice of the Tax Sale mailed by First Class Mail addressed to "Occupant" at the address of the Pilot Parcel and mailed at the time contemplated for mailing of notices in Section 141.540 RSMo.
 - 5) Publication of the notice of the Tax Sale as required under Section 141.540 RSMo.
 - 6) Attempted personal service of the notice of the Tax Sale in accordance with Rule 54 of the Missouri Rules of Civil Procedure and in the form and content of the mailing required under Section 141.540 RSMo on each Parcel Owner and each Interested Party of the Pilot Parcel that appear at the time of the Title Report in the records maintained by the County to be in the Kansas City, Missouri metropolitan area.
 - 7) Posting of the Pilot Parcel as required in Section 141.540 RSMo, subject to adverse conditions of accessibility, including, without limitation, landlocked, hazardous or dangerous condition.
 - 8) If the certified mail notice to a Parcel Owner described in subsection 2.c.2, above, is returned to the County by the postal authorities as undeliverable for any reason other than the receipt is refused by such Owner, and the personal service to such Parcel Owner described in subsection 2.c.6, above, is returned "non-est", notice of the Tax Sale by First Class Mail mailed to such Parcel Owner at such different address or to such successor thereto as may be disclosed by a search of the County records as contemplated in Section 141.540.
 - 9) If the certified mail notice to a Parcel Owner described in subsection 2.c.2, above, is returned to the County by the postal authorities as undeliverable for any reason other than the receipt is refused by such Parcel Owner, and the personal service to such Parcel Owner described in subsection 2.c.6, above, is returned "non-est", notice of the Tax Sale by Certified Mail Return Receipt Requested mailed to such Parcel Owner at such different address or to such successor thereto as may be disclosed by a search of the County records as contemplated in Section 141.540.

- 10) If the certified mail notice to an Interested Party described in subsection 2.c.3, above, is returned to the County by the postal authorities as undeliverable for any reason other than the receipt is refused by such Interested Party, and the personal service to such Interested Party described in subsection 2.c.6, above, is returned “non-est”, notice of the Tax Sale by First Class Mail mailed to such Interested Party at such different address or to such successor thereto as may be disclosed by a search of the County records as contemplated in Section 141.540.
- 11) If the certified mail notice to an Interested Party described in subsection 2.c.3, above, is returned to the County by the postal authorities as undeliverable for any reason other than the receipt is refused by such Interested Party, and the personal service to such Interested Party described in subsection 2.c.6, above, is returned “non-est”, notice of the Tax Sale by Certified Mail Return Receipt Requested mailed to such Interested Party at such different address or to such successor thereto as may be disclosed by a search of the County records as contemplated in Section 141.540.

3. Project Fund. Subject to appropriation by the respective legislative body, promptly upon the selection of a Title Vendor by the County and the City, the County and the City each shall contribute the sum of \$90,000, to be deposited into a project fund (“Project Fund”), to be maintained and administered by the County, which shall be used to pay all Title Commitment fees and to pay for the cost of all Notice Actions described in subsections 2.c.3, 2.c.6, 2.c.9 and 2.c.11, above, and the costs, if any, of recording the notice and proof of service with Jackson County Recorder of Deeds. Reimbursement of Title Commitment fees described in subsection 2.a., above, shall be paid to the County and deposited into the Project Fund. In the event that the contribution amounts stated in this section are not appropriated by the respective legislative bodies by May 1, 2019, this Agreement shall terminate.

4. County Actions. Following receipt of the Title Commitments for all Pilot Parcels, the County shall use reasonable efforts to implement the Notice Actions for each such Pilot Parcel, subject to availability of funds within the Project Fund. The County shall apply the funds within the Project Fund in the following order: (a) to pay the fees charged by the Title Vendor for the Title Commitments; (b) to pay the costs of the Notice Actions described in subsections 2.c.3, 2.c.6, 2.c.9 and 2.c.11, above; (c) pay the costs, if any, of recording the notice and proof of service with Jackson County Recorder of Deeds; and (d) distribution of 50% of the balance remaining in the Project Fund, if any, to the City and to the County, on the third anniversary of the date hereof.

5. City Actions. With respect to each Pilot Parcel acquired by the Land Bank in the Tax Sale (by active bid sale or by deemed sale), or by the City in the Tax Sale, the City shall use reasonable efforts to cause an owner’s policy of title insurance, as referred to section 2(a) contained herein, to be purchased from the Title Vendor in accordance with the applicable Title Commitment promptly following confirmation of the sale of such parcel in the Tax Sale.

6. Personal liability of public officials. Neither the County nor any officer, official, employee, or agent of the County shall be personally responsible for any liability arising under or growing out of this Agreement or operations of the County under the terms of the Agreement. Neither the City nor any officer, official, employee, or agent of the City shall be personally responsible for any liability arising under or growing out of this Agreement or operations of the City under the terms of the Agreement.

7. Governing Law. This agreement shall be construed and enforced in accordance with the laws of the State of Missouri.

8. Modification. Unless otherwise stated in this Agreement, no provision of this Agreement may be waived, modified, or amended except in writing signed by the City and the County.

9. Headings; Construction of Contract. The headings of each section of this Agreement are for reference only. Unless the context of this Agreement clearly requires otherwise, all terms and words used herein, regardless of the number and gender in which used, shall be construed to include any other number, singular or plural, or any other gender, masculine, feminine or neuter, the same as if such words had been fully and properly written in that number or gender.

10. Inspection of documents. The County's records in connection with this Agreement shall be available for inspection by City representatives in accordance with Chapter 610 RSMo. The City and County shall meet prior to November 1, 2019 to share information and to conduct an evaluation of this pilot program.

11. Notice. Any notice to a party in connection with this contract shall be made in writing and shall be sent by registered or certified mail to the parties at the addresses shown below or by electronic mail to the parties shown below.

City of Kansas City, Missouri
John A. Wood, Director,
Neighborhoods and Housing Services Department
400 City Hall
414 E. 12th Street
Kansas City, Missouri 64106
Fax number (816) 513-3201

The Land Bank of Kansas City
Michael Patillo, Interim Executive Director
4900 Swope Parkway
Kansas City, Missouri 64131
Fax number (816) 513-9049

Jackson County, Missouri
V. Edwin Stoll, Chief Administrative Officer
415 E. 12th Street, Ste. 200
Kansas City, MO 64106
(816) 881-3064

Jackson County, Missouri
Whitney Miller, Director of Collections
Collections Department
415 E. 12th Street, Ste. 100
Kansas City, MO 64106
(816) 881-3187

12. Severability of provisions. All of the provisions of this Agreement shall be severable. In the event that any provision of this Agreement is found by a court of competent jurisdiction to be unconstitutional or unlawful, the remaining provisions of this Agreement shall be valid unless the court finds the valid provisions of this Agreement are so essentially and inseparably connected with and so dependent upon the invalid provisions that it cannot be presumed that the parties to this Agreement could have included the valid provisions without the invalid provisions, or unless the court finds that the valid provisions, standing alone, are incapable of being performed in accordance with the intentions of the parties.

13. Termination. Unless sooner terminated pursuant to the terms and provisions set forth above, this Agreement will terminate upon the third anniversary of the date hereof following the distribution described in Section 4, above, provided that this Agreement may be modified and/or extended upon and in accordance with the mutual written agreement of the parties.

IN WITNESS WHEREOF, the City and County, by their authorized representative have caused this Agreement to be executed as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

By: _____

CITY ATTORNEY'S OFFICE, approved as to form:

By: _____
Attorney

ATTEST:

By: _____
City Clerk

JACKSON COUNTY, MISSOURI

By: _____

COUNTY COUNSELOR'S OFFICE, approved as to form:

By: _____
Attorney

ATTEST:

By: _____
Clerk of the County Legislature