Legislation Text

File #: 15-0439, **Version:** 1

Consider and take action on approval of the Payment in Lieu of Tax (PILOT) agreement between the City of League City and Happy Harbor Methodist Home, Inc., doing business as MRC the Crossings (Deputy City Manager)

Approval of this agreement will allow payment from Happy Harbour Methodist Homes, Inc. to be made to the City of League City in lieu of ad valorem taxes. On September 25, 2012, the City of League City and the Happy Harbour Methodist Home, Inc. dba Methodist Retirement Communities entered into an agreement providing for the developer to construct approximately 100 independent living units, 8 catered living units, 34 assisted living units, 24 memory support units and 48 nursing beds along with associated common areas to be located at 304 Alabama Avenue in League City.

The PILOT was to be initiated upon the Developer filing the appropriate application for tax exempt status with Galveston County Appraisal District (GCAD). Upon approval and receipt of the tax exempt status from GCAD, the Developer agreed that within 30 days they will enter into PILOT Program Agreement, at a minimum amount of $76,000, anticipated to begin January 31, 2016. For each calendar year, following the initial payment, assuming the borrower continues to own the company and they continue to qualify for the exemption, the amount due to the City with respect to the Project will be based on the amount paid in the prior calendar year, multiplied by a factor reflecting inflation (Annual Increase Factor). The Annual Increase Factor will be equal to the Bureau of Labor Statistics' Consumer Price Index for Urban Consumers for the Houston metropolitan area, as of the month of June following the most recent payment made to the City. The Annual Increase Factor will never exceed 4% and will never be a negative number.

The details of the original agreement and Resolution No. 2012-31 are attached for additional information.

Attachments:
1) Data Sheet
2) PILOT Program Agreement
3) Resolution No. 2012-31
4) September 2012 Agreement

CONTRACT ORIGINATION:

FUNDING
{ X} NOT APPLICABLE