

## Legislation Text

**File #:** 2019-3007, **Version:** 1

Public Hearing: Meridian at View High Amendments to Chapter 100 Industrial Development Project

Issue/Request:

Meridian View High, LLC is the developer of the 312 unit multi-family Meridian at View High project currently under construction near the intersection of View High and 3rd Street. Meridian View High, LLC is requesting to amend the Chapter 100 Industrial Development Project to amend the Payment In Lieu of Tax (PILOT) schedule and authorize additional bond capacity in the amount of \$6,500,000 for a total maximum principal amount not to exceed \$46,000,000 to complete the project. The request to amend the approved Chapter 100 Industrial Development Project is due to unanticipated project delays and increased construction costs and cost overruns related to the project.

Key Issues:

Meridian View High, LLC is requesting to amend the current PILOT schedule to allow for one additional year for construction completion. The current approved PILOT schedule allows for the first two year PILOTS to be nominal amounts to allow for project completion during 2017 - 2018 with 2019 PILOTS established for project completion and occupancy. The PILOT structure for the completed project is approved to be in place through 2028 (ten year period). As the project is not fully completed, Meridian View High, LLC is requesting one additional year of nominal PILOTS to allow for project completion and occupancy prior to triggering the "full" PILOT payment for the completed project. In summary, this would adjust the PILOT schedule by deferring the "full" PILOT Payment by one year. Provided below is a comparison of the Approved PILOT Schedule and the Proposed/Requested PILOT Schedule:

**Approved PILOT Schedule**

<u>Year</u>	<u>PILOT Amount</u>
2017	\$1,149.00
2018	\$1,149.00
2019	\$327,912.00
2020	\$327,912.00
2021	\$327,912.00
2022	\$336,110.00
2023	\$336,110.00
2024	\$336,110.00
2025	\$336,110.00
2026	\$336,110.00
2027	\$344,513.00
2028	\$344,513.00

**Proposed/Requested PILOT Schedule**

<u>Year</u>	<u>PILOT Amount</u>
2017	\$1,149.00
2018	\$1,149.00
2019	\$1,149.00
2020	\$199,099.00
2021	\$327,912.00
2022	\$327,912.00
2023	\$336,110.00
2023	\$336,110.00
2025	\$336,110.00
2026	\$336,110.00
2027	\$336,110.00
2028	\$344,513.00
2029	\$344,513.00

In addition to adjusting the PILOT schedule to allow for completion of the project, Meridian View High, LLC is

requesting to authorize an increase in bond capacity of \$6,500,000 for a total maximum principal amount not to exceed \$46,000,000. This does not change the risk of the project for the City, this only adjusts the bond amount to match the actual project costs.

In making these adjustments, the maturity of the bonds would be extended for one year to December 1, 2029; the term of the Lease would be extended by one year to December 1, 2029; and the term of the PILOT schedule extended by a period of one year through 2029.

This public hearing is required in order to make such requested adjustments, and notices for the public hearing have been provided to taxing jurisdictions in accordance with regulatory requirements.

Proposed City Council Motion:

No motion necessary - a proposed ordinance has been placed on the October 15th agenda for consideration.

Background:

On February 2, 2017, The City Council passed Ordinance No. 8082 authorizing the City to issue its Taxable Industrial Development Revenue Bonds (Village at View High Project), Series 2017, in the maximum principal amount of \$39,500,000 (the "Bonds"), for the purpose of acquiring and improving certain real property located generally in the vicinity of the northeast intersection of 3rd Street and View High Drive in the City (the "Project Site"), including the construction and improvement of a commercial facility on the Project Site (the "Project Improvements," together with the Project Site, the "Project"). The project consists of the design and construction of the Meridian at View High, a 312-unit high-end multi-family complex in the vicinity of the northeast intersection of 3rd Street and View High Drive. The Company receives tax abatement under the Chapter 100 structure on the real property included in the project. However, the Company makes fixed Payments in Lieu of Taxes in accordance with the approved PILOT schedule. The PILOT schedule was set based on information provided to the Council by City staff regarding the tax payments on comparable properties. The PILOT amount was based on \$1,051 per unit beginning in 2019.

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