

CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 9094

DATE 1-7-21

TITLE

RESOLUTION AUTHORIZING THE EXECUTION OF A COMMUNITY CONTRIBUTION AGREEMENT

WHEREAS, UPMC Susquehanna and its corporate subsidiaries that include UPMC Williamsport, Divine Providence of the Sisters of Christian Charity, Susquehanna Physician Services d/b/a Susquehanna Health Medical Group and Susquehanna Health System Innovation Center, Inc. (collectively "UPMC") are each Pennsylvania non-profit corporations and are also recognized as 501(c)(3) tax-exempt organizations by the Internal Revenue Service ("IRS"); and

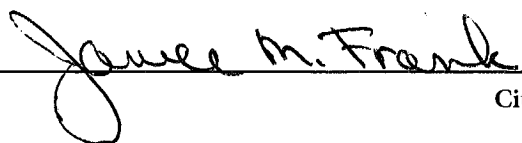
WHEREAS, the above UPMC companies are classified as institutions of public charity under Pennsylvania statute, and, as such, are not required to pay real estate taxes on properties owned and used for tax exempt purposes;

WHEREAS, CITY and UPMC have previously been parties to agreements providing for payments by UPMC to CITY in the form of in-lieu-of-tax-contributions for real estate taxes, contributions for business privilege and mercantile taxes, and contributions for municipal services (collectively "Community Contribution" agreements); and

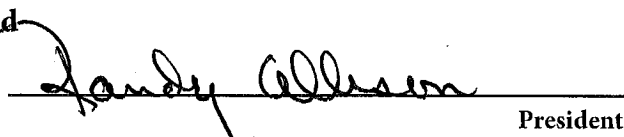
WHEREAS, CITY and UPMC agree that for fiscal planning and budgeting purposes it would be beneficial to CITY and UPMC to set forth all such payments in a single consolidated Agreement, which shall be referred to as the "Community Contribution Agreement";

BE IT HEREBY RESOLVED, by the City Council of the City of Williamsport that the Mayor and City Controller be hereby authorized to execute the attached Community Contribution Agreement between the City of Williamsport and UPMC Susquehanna.

Approved



City Clerk



President

COMMUNITY CONTRIBUTION AGREEMENT

THIS AGREEMENT made this ____ day of _____, 2020, by and between **CITY OF WILLIAMSPORT**, having a principal business address of 245 W. Fourth Street, Williamsport, PA (the “City”), and **UPMC SUSQUEHANNA**, a Pennsylvania non-profit corporation with a principal business address of 700 High Street, PA 17701.

WHEREAS, UPMC Susquehanna, by and through its various Pennsylvania non-profit corporate subsidiaries, including UPMC Williamsport, Divine Providence Hospital of the Sisters of Christian Charity, Susquehanna Physician Services d/b/a Susquehanna Health Medical Group and Susquehanna Health System Innovation Center, Inc. (individually and collectively “UPMC”) is the owner and operator of various properties located in the City, including a two-campus licensed hospital with locations at 700 High Street, Williamsport, and 1100 Grampian Blvd., Williamsport; and

WHEREAS, the mailing addresses and applicable tax parcels owned and operated by UPMC located in the City of Williamsport and which are the subject of this Agreement, are attached hereto as Exhibit “A” (collectively the “Property”); and

WHEREAS, the primary use of the Property is that of a non-profit hospital, a non-profit multi-specialty physician group practice, and associated healthcare services and parking, which UPMC asserts and the City agrees not to challenge, is exempt from real property taxation and other taxation by the City as a purely public charity as defined by the Pennsylvania Constitution and Pennsylvania Institutions of Purely Public Charity Act, 10. P.S. § 371 (“Act 55”); and

WHEREAS, the City and UPMC desire to affirm the tax exempt status of UPMC and the Property, to avoid appeals and litigation regarding the determination that the Property is exempt from

real property taxes, and further desire to provide a basis for the voluntary payment to the City pursuant to the authority set forth in Act 55; and

WHEREAS, the City agrees that the Property and UPMC shall be exempt from real property taxes and business privilege taxes and agrees not to contest the determination that the Property is entitled to an exemption from real property taxes, so long as the voluntary payments that are provided in this Agreement are made; and

NOW, THEREFORE, in consideration of the foregoing promises and other good and valuable consideration as hereinafter set forth, the parties, intending to be legally bound, hereby agree as follows:

1. **Incorporation of Recitals.** All of the foregoing recital paragraphs set forth above in this Agreement are herein incorporated by reference as if set forth at length.
2. **Superseding Agreement.** This Agreement shall be deemed to supersede all previous PILOT Agreements, Contribution Agreements, or similar agreements between the parties, which shall be of no further force or effect as of the effective date of this Agreement.
3. **Municipal Services Payment.** UPMC agrees to make monetary contributions (hereinafter referred to as "Municipal Services Payment") of \$50,000 for each year that this Agreement is in effect to support services provided by the City, with payment to be made as follows:
 - a. \$12,500 on or before January 15 of each year of the Agreement.
 - b. \$12,500 on or before April 15 of each year of the Agreement.
 - c. \$12,500 on or before July 15 of each year of the Agreement.
 - d. \$12,500 on or before October 15 of each year of the Agreement.
4. **Business Privilege and Mercantile Payment.** UPMC agrees to make monetary contributions in lieu of Business Privilege and/or Mercantile Taxes to City by and on behalf of UPMC of \$13,000 payable on or before December 31 of each year of this Agreement.

5. **Voluntary Payment.** UPMC agrees to make additional monetary contributions (hereinafter referred to as “Voluntary Community Contribution Payments”) to the City during the term of this Agreement as follows:

- a. \$150,000 on or before September 1, 2020;
- b. \$264,000 on or before September 1, 2021;
- c. \$264,000 on or before September 1, 2022;

The Voluntary Community Contribution Payments will each be paid in one payment directly to the City’s Treasurer.

6. **Late Voluntary Community Contribution Payments.** Due to the City’s reliance on the Municipal Service Payments, the Business Privilege and Mercantile Payments, and the Voluntary Community Contribution Payments in its budgetary matters, the City may impose a late charge on the Voluntary Community Contribution Payments in the event that UPMC fails to make all or any portion of the payments required by this Agreement within thirty (30) days of the due date. The late charge shall accrue on the unpaid balance in the amount of six percent (6%) per annum, accruing monthly.

7. **Covenant Not to Assess, Litigate, Collect Taxes.** In consideration of UPMC’s undertaking as described above, the City hereby warrants, covenants and agrees that, for purposes of the Property at issue, it shall consider and treat UPMC as an institution of purely public charity. During the term of this Agreement, the City shall not make any claim for real estate taxes, business privilege taxes, or any other taxes, payments or fees, with respect to UPMC or any of the Properties identified in Exhibit A to this Agreement. If the City breaches this covenant, it will be liable for and will remit to the Hospital within thirty days of any such breach, all amounts theretofore paid to it by the Hospital under this Agreement with accrued simple interest at the rate of six percent (6%) per annum, without prejudice to the Hospital’s other rights and remedies. The City agrees that it will not

take any action to challenge or otherwise change the tax exempt status of the Property under any applicable law during the term of this Agreement.

8. **Term.** The term (the “Term”) of this Agreement shall commence on January 1, 2020 and shall continue for thirty-six (36) calendar months and conclude on December 31, 2022. This Agreement shall automatically renew for successive one (1) year periods unless either party to this Agreement provides Notice to the other party of intent not to renew on or before twelve (12) months prior to the expiration of the original or any extended term.

9. **Sale or Conveyance of Real Estate.** With respect to each Property listed in Exhibit A hereto, this Agreement shall automatically terminate as to that property upon the sale or other conveyance of such property (unless that conveyance is to another nonprofit subsidiary or affiliate of UPMC), but the City shall have the right to retain all payments theretofore made under this Agreement.

10. **Purchase, Conveyance or Conversion of Real Estate.** Any new property and any additions, renovations, or improvements to existing or hereafter acquired property will be automatically placed in the exempt category during the term of this Agreement and will not modify the amount of the UPMC’s payments under this Agreement so long as the property is used for healthcare purposes.

11. **Binding Effect.** This Agreement shall be binding upon the parties and their successors and assigns.

12. **Change in Law Decreasing Tax Liability.**

a. In the event that the General Assembly of the Commonwealth of Pennsylvania enacts legislation or the Pennsylvania Supreme Court issues a final decision that abolishes real estate taxes levied by cities, this Agreement shall terminate at the option of UPMC upon thirty (30) days written notice, but any prior payments made thereunder shall be retained by the City.

b. In the event that any state or federal court issues a final decision which declares unlawful agreements which are of the nature of this Agreement, this Agreement shall terminate and be unenforceable as of the Effective Date of said decision, but any prior payments made thereunder shall be retained by the City.

13. **Notice.** Any notice contemplated under this Agreement shall be deemed to have been given if the same shall be provided, in writing, to the other party, and shall be delivered personally, deposited in the United States Mail by registered or certified mail, return receipt requested, postage prepaid, or sent by any nationally recognized delivery service and addressed as set forth below:

a. **If to the City:**

City of Williamsport
245 W. Fourth Street
Williamsport, PA 17701
Attn: Mayor

b. **If to UPMC:**

UPMC Susquehanna
700 High Street
Williamsport, PA 17701
ATTN: President

With a Copy to:

UPMC Susquehanna Legal Department
1001 Grampian Blvd.
Williamsport, PA 17701
ATTN: Vice President, Legal Services

14. **Agreement.** The parties acknowledge and agree that this Agreement is intended to be a voluntary agreement within the meaning of Act 55, 10 P.S. § 373, 377.

15. **Entire Agreement.** This Agreement contains the entire understanding of the parties concerning the tax status of the Property and the Voluntary Community Contribution Payments, and there are no other understandings, agreements, covenants, or conditions relating to the subject matter thereof.

16. **Effect of Agreement.** None of the parties to this Agreement shall use this Agreement or the terms hereof as an admission against another party during or subsequent to the term hereof, except in a legal proceeding seeking to enforce this Agreement or asserting breach thereof.

17. **Governing Law.** This Agreement shall be governed by, construed and decided in accordance with the laws of the Commonwealth of Pennsylvania.

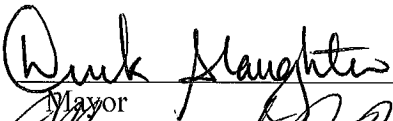
18. **Counterparts.** The Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

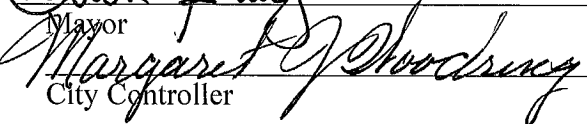
19. **Miscellaneous.** The parties do not intend to create, and nothing contained in the Agreement shall be construed as creating, a joint venture arrangement, or partnership between City and UPMC. Nothing in the Agreement expressed or implied, is intended or shall be construed to confer upon or give to any person, firm, corporation, or legal entity, other than the parties, any rights, remedies, or other benefits under or by reason of the Agreement.

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IN WITNESS WHEREOF, the parties have set their hands and seals, with the full intent to be legally bound hereby, on the date first written above.

CITY OF WILLIAMSPORT

By: 
Mayor

By: 
City Controller

ATTEST: James M. Frank
City Clerk

Date: 1-7-21

UPMC SUSQUEHANNA

By: Steven Johnson
President

ATTEST: Mary Fuller
Witness

Date: 1/14/21

Exhibit "A"

PROPERTIES OWNED BY UPMC WILLIAMSPORT:

714	Green Street	73-03-415
717	Green Street	73-03-502
718	Green Street	73-03-414
719	Green Street	73-03-503
720	Green Street	73-03-413
721	Green Street	73-03-504
722	Green Street	73-03-412
725	Green Street	73-03-505
729	Green Street	73-03-506
733	Green Street	73-03-507
735	Green Street	73-03-508
714	High Street	73-03-221
716-718	High Street	73-03-220
720	High Street	73-03-219
722	High Street	73-03-402
738-740	High Street	73-03-417
750-752	High Street	73-03-501
756	High Street	73-03-500
709	Louisa Street	73-03-211
711	Louisa Street	73-03-212
715	Louisa Street	73-03-213
717	Louisa Street	73-03-214
721	Louisa Street	73-03-408
723	Louisa Street	73-03-409
714	Spruce Street	73-03-218
717	Spruce Street	73-03-403
719	Spruce Street	73-03-404
720	Spruce Street	73-03-217
721	Spruce Street	73-03-405
722	Spruce Street	73-03-216
723	Spruce Street	73-03-406
724	Spruce Street	73-03-215
600	Louisa Street	72-03-300
807	Locust Street	72-03-301
811	Locust Street	72-03-302
815	Locust Street	72-03-303
819	Locust Street	72-03-303 A
821	Locust Street	72-03-303 B
825-827	Locust Street	72-03-304
829	Locust Street	73-03-306
609-613	Rural Avenue	72-03-307 A
840-842	Maple Street	72-03-307

826-828	Maple Street	72-03-309
822-824	Maple Street	72-03-310
618	Louisa Street	72-03-311
719	Cherry Street	72-03-605
725-727	Cherry Street	72-03-607
729-731	Cherry Street	72-03-608
709-711	Locust Street	72-03-700
713	Locust Street	72-03-701
721	Locust Street	72-03-705
725	Locust Street	72-03-706
729	Locust Street	72-03-709
613	Louisa Street	73-02-106
615	Louisa Street	72-03-711
722	Maple Street	72-03-712
720	Maple Street	72-03-713
718	Maple Street	72-03-714
716	Maple Street	72-03-715
714	Maple Street	72-03-716
614-616	High Street	72-03-717
612	High Street	72-03-718
600	High Street	72-03-721
622	High Street	72-03-800
620	High Street	72-03-801
618	High Street	72-03-802
703	Maple Street	72-03-803
719	Maple Street	72-03-808
619	Louisa Street	72-03-809
625-627	Louisa Street	72-03-811
726	Walnut Street	72-03-812
724	Walnut Street	72-03-813
722	Walnut Street	72-03-814
720	Walnut Street	72-03-815
718	Walnut Street	72-03-816
716	Walnut Street	72-03-817
708-710	Walnut Street	72-03-819
706	Walnut Street	72-03-820
704	Walnut Street	72-03-821
630	High Street	72-03-822
629	High Street	72-04-412
646	Walnut Street	72-04-414
628	Walnut Street	72-04-421 A
708	High Street	73-03-200
704	High Street	73-03-201
700	High Street	73-03-202
707	Walnut Street	72-03-203
709	Walnut Street	72-03-204
711	Walnut Street	73-03-205

713	Walnut Street	73-03-206
715-717	Walnut Street	73-03-207
721	Walnut Street	73-03-208
723-725	Walnut Street	73-03-210
745	High Street	73-02-312
680	Campbell Street	73-02-315
732	High Street	73-03-400
730	High Street	73-03-401
722	High Street	73-03-402
719	Louisa Street	73-03-400
733	Louisa Street	73-03-410
736	High Street	73-03-418
724-726	Campbell Street	73-03-509
720	Campbell Street	73-03-510
716-718	Campbell Street	73-03-511
714	Campbell Street	73-03-512
712	Campbell Street	73-03-513
710	Campbell Street	73-03-514
708	Campbell Street	73-03-515
706	Campbell Street	73-03-516
700	Campbell Street	73-03-518
606	Park Court	74-02-500
967-969	Locust Street	74-02-501
601	Brandon Avenue	74-02-503
609	Brandon Avenue	74-02-504
613	Brandon Avenue	74-02-505
704	Campbell Street	73-03-517
924	Walnut Street	74-02-506
918-920	Walnut Street	74-02-507
916	Walnut Street	74-02-508
630	Rural Avenue	74-02-509
628	Rural Avenue	74-02-510
600	Rural Avenue	74-02-514
612-614	Rural Avenue	74-20-512
973-975	Locust Street	74-20-502
608-610	Rural Avenue	74-20-513
735	Louisa Street	73-03-411
676	Campbell Street	73-02-316
830	Locust Street	72-03-210
524-526	Louisa Street	72-03-221
801-803	Cherry Street	72-03-200
717	Cherry Street	72-03-604
809	Cherry Street	72-03-202
808-810	Locust Street	72-03-219
826-828	Locust Street	72-03-211
806	Locust Street	72-03-220
812	Locust Street	72-03-218

814	Locust Street	72-03-217
712-714	Walnut Street	72-03-818
672	Campbell Street	73-02-318
914	Walnut Street	74-02-508A
524-526	High Street	72-003-619
523-525	High Street	72-004-211
641	Locust Street	72-004-305
601-603	High Street	72-004-308
727	High Street	73-002-212
670	Green Street	73-002-216
664	Green Street	73-002-217
673-675	Green Street	73-002-310
674	Campbell Street	73-002-317
619/621	High Street	72-04-411
643/645	Locust Street	72-04-306
651	Cherry Street	72-04-205
669	Green Street	73-02-309
731	High Street	73-02-213
756/758	Park Avenue	73-02-327
760/762	Park Avenue	73-02-326
724	Park Avenue	73-02-225
646/648	Maple Street	72-04-313
708/710	Locust Street	72-03-617
520/522	High Street	72-03-620
652	Campbell Street	73-02-323
712/714	Locust Street	72-03-616
716/718	Locust Street	72-03-615
636	Maple Street	72-04-316
655	Cherry Street	72-04-207
653	Cherry Street	72-04-206
521	High Street	72-04-210
630	Walnut Street	72-04-420
639	Locust Street	72-04-304
752	Park Avenue	73-20-328
515	High Street	72-04-208
517/519	High Street	72-04-209
656	Campbell Street	73-02-322
668	Campbell Street	73-02-319
680	Green Street	73-02-214
646	Campbell Street	73-02-325
648	Campbell Street	73-02-324
644	Maple Street	72-0040-0314
730-732	Locust Street	72-03-611
633	Maple Street	72-04-402
641	Maple Street	72-04-404
612	Park Ave	72-04-318
638	Green Street	73-02-222

735	High St	73-02-214
636-638	Campbell St	73-01-414
751-753	Park Ave	73-10-413
621	Walnut St	73-10-206
715	Cherry St	72-30-603
664	Campbell St	73-02-320
711	Maple St	72-03-804
711	Maple St	72-03-806
732	Park Ave	73-02-223
624	Spruce St	73-10-218
640	Green St	73-02-221
744	Park Ave	73-02-302
608/610	Walnut St	72-40-812
747/749	High St	73-02-313
643	Green St	73-02-306
645	Green St	73-02-307
721/723	Cherry St	72-03-606
660	Campbell St	73-02-321
612	Walnut St	72-04-811
639	Green St	73-20-304
722	Locust St	72-30-613
819	Cherry St	72-30-204
647	Locust St	72-4-307
730	Park Ave	73-2-224
641	Green St	73-0020-0305
728	Locust St	72-0030-0612
643	Maple St	72-0040-0405
625	Park Ave	72-0040-0808
627	Park Ave	72-0040-0809
631	Park Ave	72-0040-0810
740	Park Ave	73-0020-0303
515	Rural Avenue	72-0030-0209
522	Louisa St	72-0030-0222
730	Locust St	72-0030-0611
638	Maple St	72-0040-0315
	Maple St	72-0040-0406
653	Maple St	72-0040-0409
	Walnut St	72-0040-0418
615	Walnut St	73-0010-0204
617	Walnut St	73-0010-0205
667	Green St	73-0020-0308
735	Cherry St	72-0030-0610
609	High St	72-0040-0310
604	Walnut St	72-0040-0813
777	Rural Ave	73-0030-0307
802	Campbell St	73-0030-0307

PROPERTIES OWNED BY SHS INNOVATION CENTER:

740	High St	73-0030-0410
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PROPERTIES OWNED BY DIVINE PROVIDENCE HOSPITAL:

	Chestnut St	76-0070-0304
1702	Chestnut St	76-0070-0305
1700	Chestnut St	76-0070-0306
1650	Chestnut St	76-0070-0307
1100	Grampian Blvd (incl. 1201 & 1112)	76-0090-0201
1001	Grampian Blvd	