

Urban Redevelopment Authority of Pittsburgh
Smallman Street Tax Increment Financing (TIF) Plan
FINAL DRAFT 4-11-18

Synopsis

1. The name of this Tax Increment Financing (TIF) district is the “Smallman Street TIF District”. It is a contiguous geographic area, bounded on the west by the Produce Terminal building (also known as the Pennsylvania Railroad Fruit Auction & Sales Building), the east by the warehouse at 1600 Smallman Street and the Smallman Street roadway, the south by 16th Street, and the north by 21st street. The TIF district is in the Strip District neighborhood of Pittsburgh, Pennsylvania and is within the Lower Strip District Certified Redevelopment Area #68.

2. Three redevelopment projects (two private and one public) are expected to occur within the TIF district.
 - A. The private redeveloper, McCaffery Interests, Inc., plans to redevelop the Produce Terminal building and the building located at 1600 Smallman Street. These private redevelopments are mixed-use commercial projects that will repurpose vacant and underutilized property in the following manner:
 - I. Produce Terminal - Office / Retail Space - approximately 150,000 square feet
 - II. 1600 Smallman Street - Office / Retail Space - approximately 131,000 square feet with an approximately 217-space parking structure

 - B. The public redevelopment project consists of infrastructure improvements necessary to improve pedestrian safety, circulation and support the district-wide private redevelopment projects. These improvements are:
 - I. Public Space Improvements (PSIs)
 - II. Street and related Right-Of-Way (R-O-W) Improvements
 - III. Storm sewers, sanitary sewers, and water distribution system
 - IV. Improvements to space(s) accessible to the public (as funds permit)

3. These three projects represent an estimated \$123 million investment with the following projected project costs:

A. Produce Terminal Redevelopment (estimate)	\$49,500,000
B. 1600 Smallman Street Redevelopment (estimate)	\$49,500,000
C. Smallman Street and related Infrastructure Improvements (estimate)	\$22,000,000
Total Estimated Project Costs	\$121,000,000

4. Estimated Net Proceeds of TIF Financing \$3,500,000

5. TIF proceeds may be used to partially fund any of the following:	
A. Public space improvements	
B. Street and related R-O-W improvements	
C. Storm sewers, sanitary sewers, and water distribution system	
D. Engineering and inspection work related to the above infrastructure improvements	
E. Improvements to space(s) accessible to the public (as funds permit)	
6. Estimated total costs of infrastructure improvements, to be partially funded with TIF proceeds:	\$22,000,000
7. Estimated sources and uses of funds for public and private improvements:	
A. Infrastructure Improvements (public)	
– Pittsburgh and Water Sewer funds (secured)	\$13,000,000
– Redevelopment Assistance Capital Program Grant (secured)	\$4,000,000
– Smallman Street TIF Proceeds (proposed)	\$3,500,000
– DCED Grant	\$1,000,000
– City of Pittsburgh funds (spent)	\$533,503
– Heinz Endowments/Pittsburgh Gateways Grant (spent)	\$80,956
Estimated Infrastructure Improvement Sources	\$22,114,459
B. Produce Terminal (private)	
– Developer debt/equity	\$49,500,000
Estimated Produce Terminal Sources	\$49,500,000
C. 1600 Smallman Street (private)	
– Developer Debt/Equity	\$47,500,000
– RACP (awarded for 1600 Smallman Street project)	\$2,000,000
Estimated 1600 Smallman Street Sources	\$49,500,000
Projected Sources Overall Public and Private Improvements	\$121,000,000

- 8. Assessed Values:
 - A. Current assessed value of Taxable Real Property in the proposed Smallman Street TIF District \$3,500,000
 - B. Projected estimate of assessed value of Taxable Real Property following improvements in the Smallman Street TIF District \$31,000,000
- 9. Proposed Term of the TIF District: 20 years
- 10. Proposed Distribution of Real Estate Tax Increment:
 - 75% Pledged to TIF Financing(s) or to pay costs of the TIF Project
 - 25% Distributed Pro Rata to the Three Taxing Bodies
- 11. Tax Projections:
 - A. Current Annual Real Estate Tax Revenue within the Smallman Street TIF District: \$77,621
 - B. Projected Annual Real Estate Tax Revenue within the TIF District Following Improvements: \$687,499

12. Breakdown of the Projected Annual Real Estate Taxes (with 2% discount applied) Generated After Full Development¹

	Base Real Estate (Current)	Tax Increment (After Improvements)	Annual Real Estate Taxes (After Improvements)
City Real Estate (8.06 mills)	\$27,646	\$217,217	\$244,863
County Real Estate (4.73 mills)	\$16,224	\$127,474	\$143,697
School District Real Estate (9.84 mills)	\$33,751	\$265,188	\$298,939
Total Taxes (100%)	\$77,621	\$609,879	\$687,499

¹ Based on 2018 tax millage rates.

13. Breakdown of the Projected Amount of Annual Real Estate Tax Increment Diverted to the TIF Project (75%) and the Taxing Bodies (25%)

	TIF Project (75%)	Taxing Bodies (25%)	Total Increment
City Real Estate Tax	\$162,913	\$54,304	\$217,217
County Real Estate Tax	\$95,605	\$31,868	\$127,474
School District Real Estate Tax	\$198,891	\$66,297	\$265,188
Total Taxes	\$457,409	\$152,470	\$609,879

14. Projected Jobs Created²:

- A. Construction Phase Total Full-Time Jobs Created: 639 FTE
- B. Projected Number of Permanent On-Site Jobs: 645 FTE

15. Proposed TIF District Creation Date: January 1, 2019

16. Parcels Included in Proposed TIF District:

<u>Address</u>	<u>Lot & Block</u>
1600 Smallman Street	9-G-80
2100 Smallman Street	9-D-200

² As identified in the Economic Impact Study prepared by Fourth Economy (April 9, 2018).

Smallman Street TIF
INITIAL INDUCEMENT RESOLUTIONS

Legislative Action: Intent to explore TIF & request taxing body participation

URA Board

Draft Taxing Body Resolutions with TIF Counsel	August 2016
Brief Taxing Body Reps	August – September 2016
Inducement Resolution	Thurs, September 8, 2016 2:00PM

County Council

Pre-meeting	Mid-May
First Reading	Tues, July 5, 2017 5:00PM
Economic Development & Housing Committee	Tues, July 6, 2017 6:00PM
Second Reading/VOTE	TBD

School Board

Pre-meeting #1 w/Business/Finance Committee	Tues, September 13, 2016 3:00PM
Pre-meeting #2 w/Business/Finance Committee	Tues, May 9, 2016 11AM
Business Committee	Mon, June 6, 2017 5:30PM
Agenda Review	Wed, June 14, 2017 6PM
Legislative Session/VOTE	Wed, June 21, 2017 6PM

City Council

Introduce Legislation	Tue, March 14, 2017
Committee Discussion #1 – HELD for public hearing	Wed, March 22, 2017 10:00AM
Hearing Advertisement for Zoning (21-day notice)	Week of March 27, 2017
Public Hearing for Zoning	April 25
Committee Discussion #2	Wed, April 26, 2017 10:00AM
VOTE (for Initial TIF, Zoning, Lease, Coop)	Tues, May 2, 2017 10:00AM
ZBA for Produce Terminal	Thursday, June 15, 2017

Circulate Draft TIF Plan	August/September 2017
Review with Developer	January/February
TIF Committee Meeting	March 21, 2018
Send final TIF plan to TIF Committee along with draft resolutions for URA & 3TB	April 10, 2018

Urban Redevelopment Authority of Pittsburgh Smallman Street Tax Increment Financing (TIF) Plan

I. Purpose

The Smallman Street TIF District will leverage a portion of incremental real estate tax revenue generated as a result of the private redevelopment projects at the 1600 Smallman Street building and the Produce Terminal building within the TIF District.

The purpose of this TIF is to increase pedestrian access, safety and circulation within the Strip District neighborhood. Ultimately, the redevelopment of these sites and adjacent sites will result in a dense environment that will attract additional people to the neighborhood. The public agencies involved in the transportation plans for Smallman Street (between 16th and 21st Streets) seek to address the needs of pedestrians by proposing infrastructure improvements that prioritize public safety.

For much of its history, Smallman Street has served as a pathway for commercial traffic. At first, the area contained rail lines that serviced trains delivering produce to the Pennsylvania Fruit Auction & Sales Building (the Produce Terminal). As new transportation technologies developed, the rail lines were converted to crude roadways to facilitate deliveries via box trucks and semi-trucks. The roadway was neither designed nor constructed with pedestrian traffic in mind. Furthermore, the surrounding public spaces were not built to accommodate the change from commercial traffic to pedestrian traffic. As a result, these areas are dysfunctional and not pedestrian friendly. The proposed Smallman Street and related public space improvements establish orderly and safe traffic patterns, encourage walkability and other types of public activity. While these above-ground improvements are being addressed by the City of Pittsburgh's Department of Mobility and Infrastructure (DOMI), PWSA will upgrade the underground water, stormwater and sewer facilities for this important watershed.

II. TIF District Details

Located within the Lower Strip District Redevelopment Area #68 (see **Exhibit D** - page 19), the Smallman Street TIF district is adjacent to downtown Pittsburgh and close to the Allegheny River's south shore line.

The projected \$609,879 increase ("increment") from the base year real estate assessed value for the properties comprising the TIF District (after full build-out) is projected to yield estimated real estate tax increment of \$11,587,701 over the 19-year term of the TIF District, applying the 2018 millage rates. Seventy-five percent (estimated at \$457,409 on an annual basis), of the increased increment be pledged to support debt that will be used to fill financing gaps for public infrastructure improvements (collectively, the "Pledged Increment"). The Pledged Increment is expected to support financing that will generate approximately \$3,500,000 for the PSIs and related ROW improvements, and other improvements that will benefit the entire

Lower Strip District, improving safety and access and supporting future development projects. The TIF-eligible components are:

- Public Space Improvements
- Street and Right-Of-Way Improvements
- Storm sewers, sanitary sewers, and water distribution systems
- Engineering and inspection work related to the above infrastructure
- Improvements to space(s) accessible to the public (as funds permit)

The economic impact analysis of the proposed private redevelopment projects estimates that, after full build-out, 645 new full-time equivalent jobs and 766 construction jobs will be created. The projected assessed value of taxable real property following private improvements in the Smallman Street TIF District is expected to meet or exceed \$31,000,000.

III. Details on the Redevelopment Projects within the TIF District

The private redevelopment projects are located at 1600 and 2100 Smallman Street in the Strip District neighborhood of the City of Pittsburgh. The public redevelopment project, improvements to Smallman Street between 16th and 21st Streets, will occur adjacent to the private developments in the Smallman Street TIF district.

McCaffery Interests, Inc. is a nearly 30-year old development company with broad national and international experience. McCaffery has completed projects in Chicago, San Francisco, Myrtle Beach, Pittsburgh, Washington, D.C. and in three other countries. McCaffery is undertaking the redevelopment of the Produce Terminal building and the building at 1600 Smallman Street. It will transform these severely distressed and under-utilized properties into catalytic mixed-use office and retail development. As an homage to the Produce Terminal building's past as the distribution center for produce entering the city, the commercial project is expected to retail, commercial and will include a food-centric area.

1. Private Mixed-Use Redevelopments

The private redeveloper, McCaffery Interests, Inc., plans to redevelop the Produce Terminal building and 1600 Smallman Street building. These private redevelopments are mixed-use commercial projects that will repurpose vacant and underutilized property in the following manner:

A. Produce Terminal - Office / Retail Space

- 150,000 square feet

Construction work on the Produce Terminal building is slated to begin in Fall 2018 with completion and occupancy in Summer of 2019. The project will apply for Certified LEED Silver accreditation. The Developer estimates that the Produce Terminal Building will contain a mix of retail and commercial space including a food-centric marketplace. The redevelopment of the

Produce Terminal building could occur in up to four phases. The Produce Terminal's redevelopment plan includes:

- A "food centric" area of roughly 20,000 square feet
- No less than 40,000 square feet allocated to local businesses
- Extending the lease for the Society for Contemporary Craft and subsequent negotiations with the goal of retaining SCC's presence in the Produce Terminal building

In conjunction with the URA Board of Director's adoption of the Smallman Street TIF Plan, the URA Board will also consider the establishment of the Strip District Loan Fund, in order to establish a fund for small businesses within the Lower Strip District Certified Redevelopment Area (#68).

B. 1600 Smallman Street - Office / Retail Space

- Approximately 131,000 square feet with approximately 217-space parking structure

The 1600 Smallman Street Building is slated to also contain a mix of retail and commercial space in approximately 131,000 square feet with an adjacent 217-space parking structure.

2. Public Infrastructure Improvements:

The public space improvements (PSIs), street and related ROW improvements (*e.g.*, lighting, roadway, and walkway improvements) will occur in and around on Smallman Street between 16th and 21st Streets. The public infrastructure project will be complete by the City's Department of Mobility and Infrastructure (DOMI) and McCaffery Interests, Inc. The water and sewer related infrastructure improvements will occur throughout the TIF district and will be undertaken by PWSA.

IV. Projected Budget for Improvements Financed with TIF Proceeds

Projected TIF Proceeds \$3,500,000

The TIF Proceeds may be used to partially fund any of the following infrastructure improvements within the Smallman Street TIF District:

- Public Space Improvements
- Street and related R-O-W improvements
- Storm sewers, sanitary sewers, and water distribution systems
- Related Engineering & Inspection
- Improvements to space(s) accessible to the public (as funds permit)

Estimate of Costs to be partially funded with TIF proceeds:

- | | |
|--|--------------|
| – Storm Sewers, sanitary sewers, water distribution system | \$13,000,000 |
| – Public Space Improvements | \$4,957,709 |
| – Street and related R-O-W Improvements | \$691,923 |
| – Related Engineering | \$948,448 |
| – Related Inspection | \$2,516,379 |

Total Cost of Infrastructure Improvements \$22,114,459

Estimated Sources of Funds for Infrastructure Improvements:

- | | |
|--|--------------|
| – Pittsburgh Water & Sewer Authority funds | \$13,000,000 |
| – RACP Grant | \$4,000,000 |
| – Smallman Street TIF proceeds | \$3,500,000 |
| – DCED Multimodal Grant | \$1,000,000 |
| – City of Pittsburgh funds | \$533,503 |
| – Heinz Endowments/Pittsburgh Gateway Grants | \$80,956 |

Total Funding for Infrastructure Improvements \$22,114,459

The Pledged Increment shall be applied either: (a) directly toward the Project Costs (as defined in the Tax Increment Financing Act, 53 P.S. §§ 6930.1 *et seq.* (the Act), of public improvements and public infrastructure together with related costs; or (b) indirectly, to the support and service of debt incurred to finance said capital costs, together with related costs. In either event, Pledged Increment will be applied until the earlier of: (i) the cumulative and aggregate amount of such taxes, applied directly or indirectly, has produced the funds necessary to pay for, or otherwise acquire, such capital improvements, or (ii) the expiration/termination of the TIF District.

V. Economic Impact Analysis

In September 2016, the URA retained Fourth Economy to estimate the economic impact of a possible \$121 million investment in the TIF District. Excerpts from the Smallman Street TIF District impact analysis is included as an Exhibit beginning on page 22.

VI. Economic Feasibility Analysis

A. Cost Estimate of Smallman Street Public Improvements:

(to be partially funded with TIF proceeds):

Smallman Street and related Infrastructure Improvements	\$22,000,000
Estimated Costs	\$22,000,000

B. Sources of Funds for Smallman Street Public Improvements:

– Smallman Street TIF proceeds	\$3,500,000
– Other Funding Sources	<u>\$18,614,459</u>
Total Funding Sources	\$22,114,459

C. Tax Increment Financing

1. TIF Note

The TIF Note(s) will be issued to fund a portion of the costs of improving the public infrastructure within Smallman Street TIF District. The TIF Note(s) are expected to generate approximately \$3.5 million in net proceeds, based on 2018 millage rates.

2. Pledged Revenues

Debt service on the TIF Note(s) will be serviced by the Pledged Increment.

3. Pledged Parcels

Lot / Block	Owner ³
9-G-80	Keicher Bros. Enterprises
9-D-200	Urban Redevelopment Authority Pittsburgh NOTE: McCaffery Interests, Inc. may sign ground lease prior to TIF Plan is adopted by taxing bodies

4. Provisions for Unused TIF Bond/Note Proceeds

Any TIF Note(s) proceeds that remain after financing the capital costs may be used for any other Public Infrastructure Improvements, or payment of any related costs, including debt service, within the TIF district.

5. Tax Base for Purpose of Increment Calculation

The taxable market value of each of the Pledged Parcels as of the date of the creation of the District will be used as the “base” for the purpose of calculating tax base with respect to such

³ Parcel 9-G-80 will be sold to the Developer. URA will lease Parcel 9-D-200 to the Developer for 99 years.

Pledged Parcel. As a result, the Taxing Bodies will continue to receive the base taxes from each of the Pledged Parcels throughout the term of the TIF District. The base assessments for these Pledged Parcels are illustrated on the summary entitled Tax Increment Base on page 17.

6. Real Estate Tax Determination

In the future, the current system of real estate taxation may be revised and/or reassessments or other changes in the real estate assessment system may occur. Accordingly, the cooperation agreement executed in connection with the issuance of any TIF Note(s) likely will provide that, upon the occurrence of such event, such document(s) will be interpreted in a manner which takes all relevant changes into account in order to preserve the intended economic results and expectations of the parties as of the date of the TIF Plan including, but not limited to, the expectations that the minimum amount required to pay the debt service and related expenses on any TIF Note(s) will be available for such purpose and that all amounts in excess of such minimum amount will be available for the other uses described herein.

7. Funding the TIF Note(s)

The URA anticipates issuing one or more TIF Note(s), which will be funded by either a third-party lender or self-funded by the redeveloper. The terms of any such financing will be subject to the consent of the URA, which the URA may grant or deny in its sole discretion.

The URA will require that the redeveloper and all subsequent owners of taxable parcels within the Smallman Street TIF District (the "Pledged Parcels") sign a Minimum Payment Agreement (each, an "MPA"), which shall be recorded in the Allegheny County Department of Real Estate, before new development begins. Each MPA will require the following:

- That the signatory and any subsequent owners of all or any portion of the Pledged Parcels, during the term of the TIF District, guarantee that, in the event the real estate tax increment for the Pledged Parcels is less than \$609,879 annually, they will make an additional payment (each, an "Additional Payment") to the TIF equal to the difference between the real estate tax increment actually collected and \$609,879.
- That the signatory and any subsequent owners of all or any portion of the Pledged Parcels, during the term of the TIF District, will not protest, challenge, appeal, or otherwise contest any valuation of any Pledged Parcel made by the County Assessor, nor seek any exemption for all or any portion of any Pledged Parcel from real estate taxation, if the effect of any such contest would be to reduce the total amount of the real estate taxes paid, including the base real estate taxes and the real estate tax increment, to an amount less than \$687,500 annually, which amount represents the current base real estate taxes plus the total amount of projected real estate tax increments calculated using the 2018 millage rates and the projected assessed values of the Pledged Parcels.

- Notification to the URA if the Developer or subsequent owner of any Pledged Parcel appeals the tax assessment of any Pledged Parcel during the term of the TIF District.

8. Actual Tax Increment in Excess of Assumed Increment

Any increases in real estate tax revenues from the Pledged Parcels, attributable solely to an increase in assessed value over and above that determined necessary to pay debt service on the TIF Note(s) or the other uses described in Section II above, will be applied first to the costs of approved TIF Project Infrastructure Improvements and related costs, with any unused proceeds to be either: (i) returned to the Taxing Bodies, or (ii) applied to prepay the TIF Note(s). Any increases in tax revenues from the Pledged Parcels, attributable to increased millage above the current millage by any of the Taxing Bodies, will be distributed to the relevant Taxing Body.

9. Interest Earnings

Any interest earnings on the pledged TIF revenues will be used towards debt service, including payment of capitalized interest and prepayment of the TIF Note(s) as permitted.

10. Financial Details⁴

The Smallman Street TIF District is on schedule to be established in September 2018. In order to add to the security for the new debt, the Developer(s), or a related entity acceptable to the URA, through a Minimum Payment Agreement, will guarantee the amount required for debt service, unpledged increment, and related costs.

The specific terms and structure of the TIF Note(s) will be determined at the time of issuance. Based on a project start date for the TIF District of January 2019, the TIF Note(s) would be issued in early 2019. It is contemplated that the TIF Note(s) will be issued funded through a private placement of the debt, at a market rate of interest with an amortization schedule to be determined and maturity date 20 years after the date of creation of the TIF District. However, it is contemplated that the first TIF Note(s) will be issued in January 2019 and amortized over an approximate 18-to 20-year term. All TIF Note(s) issued for the Smallman Street project will be required to be retired no later than 20 years past the approval date of the TIF district.

TIF Note(s) proceeds may be used to pay construction period interest, as well as costs of the public infrastructure improvements. The TIF Note(s) may be issued on a taxable or tax-exempt basis. The TIF loan could also be self-funded.

The specific uses for various sources of funds may be interchanged as necessary to efficiently fund the total costs of the project.

⁴ See Financial Analysis, page 17

11. Employment Opportunities for Neighborhood Residents

Job creation estimates are:

Construction Jobs	639
Permanent On-Site FTE Jobs	645

VII. Community Engagement

During the Smallman Street conceptual design process, three public meetings were held on September 6, 2016, October 6, 2016, and January 18, 2017 in order to engage more than 65 stakeholders. The URA, Department of Public Works and the Department of City Planning and design team staff have met several times for one-on-one conversations with multiple commercial stakeholders on the south side of Smallman Street. These engagements have allowed public agencies to better understand the overall functionality the PSIs and roadway and how we can continue to address the needs of the neighborhood and improve the plan.

VIII. Proposed Zoning Changes

The Smallman Street TIF District is located within the Lower Strip Redevelopment Area (#68) which is zoned Urban Industrial. All proposed uses for the Produce Terminal and 1600 Smallman Street developments are permitted within this area.

IX. Estimated Non-Project Costs

The Smallman Street Public Improvement project is expected to increase pedestrian safety and establish orderly and safe traffic patterns. Other non-project costs listed under "issuance costs" include URA issuance fee, legal fees, lender fees, Trustee fee, and fees for preparing the Impact Analysis Report.

X. Relocation Statement

As required by Section 6930.5(a)(4)(ix) of the TIF Act, the proposed method for the relocation of the business(es) to be temporarily or permanently displaced by implementation of the redevelopment plan is to negotiate for either the renewal or early termination of current leases at commercially reasonable terms.

XI. 1% Neighborhood Development Fee

As per City of Pittsburgh Ordinance No. 28 enacted in December 1998, the developer, from its own funds, will be required to pay a 1% fee (based on gross proceeds) to be expended by the Urban Redevelopment Authority and to be used for neighborhood development in the City of Pittsburgh or to source a portion of the "Strip District Loan Fund". The gross proceeds are currently projected to be \$3,916,234 based on the financial analysis on page 17, which will generate a fee of \$39,162.

XII. 1% School Development Fee

As per Pittsburgh School Board Resolution No. 12 approved on May 26, 1999, the developer, from its own funds, will be required to pay a 1% fee (based on gross proceeds) to be expended by the Pittsburgh School Board and to be used for school development in the City of Pittsburgh.

The gross proceeds are currently projected to be \$3,916,234 based on the financial analysis on page 17, which will generate a fee of \$39,162.

XIII. Compliance

All TIF proceeds expended in connection with this TIF Plan shall be subject to prevailing wage requirements, hiring plan requirements, minority and women business owned enterprise requirements, and any other specific requirements as may be applicable under the URA TIF Guidelines dated May 23, 2014. In addition, the use of TIF proceeds expended in connection with this TIF Plan shall be subject to all requirements applicable to the use of such funds under City, County, State, or Federal law.

XIV. Exhibits

Exhibit A: Financial analysis of the TIF plan	Page 17
Exhibit B: Base Assessment	Page 18
Exhibit C: Cost Estimates for Smallman Street Improvement Project	Page 19
Exhibit D: Boundaries of The Lower Strip District Redevelopment Area #68	Page 20
Exhibit E: Smallman Street TIF District boundaries	Page 21
Exhibit F: Economic Impact Study <i>Prepared by Fourth Economy Consulting, April 2018</i>	Pages 22

Exhibit A: Financial Estimate of the TIF Plan

Smallman Street TIF District - (75%, 18.5 years)

4/11/18 FINAL DRAFT

Net TIF Proceeds - Estimate

	Real Estate Taxes				Total Taxes
	Pittsburgh Public Schools	City of Pittsburgh	Allegheny County	Subtotal	
Diversion Rate	75%	75%	75%		
Tax Rate	0.984%	0.806%	0.473%		
Base Annual Tax Revenue	\$ 33,751	\$ 27,646	\$ 16,224	\$ 77,621	\$ 77,621
Total Tax Increment (100%)	\$ 265,188	\$ 217,217	\$ 127,474	\$ 609,879	\$ 609,879
Tax Increment to TIF (75%)	\$ 198,891	\$ 162,913	\$ 95,605	\$ 457,409	\$ 457,409
Tax Increment to Taxing Bodies (25%)	\$ 66,297	\$ 54,304	\$ 31,868	\$ 152,470	\$ 152,470
Total Tax Revenue	\$ 298,939	\$ 244,863	\$ 143,698	\$ 687,500	\$ 687,500
Annual Tax Revenue to Taxing Bodies	\$ 100,048	\$ 81,950	\$ 48,092	\$ 230,091	\$ 230,091

TIF Debt Capacity Analysis

Projected Annual Tax Revenue	\$ 687,500
Less Base Annual Tax Revenue	\$ (77,621)
Tax Increment (100%)	\$ 609,879
Less Increment Distribution to Taxing Bodies (25%)	\$ (152,470)
Pledged Tax Increment (75%)	\$ 457,409
Projected Gross Annual TIF Cash Flow	\$ 457,409
Debt Coverage Ratio	1.20
Projected Annual TIF Debt Service Capacity	\$ 381,174
URA Administration Fee	\$ (20,000)
Trustee Fee	\$ (5,000)
Projected Available Annual TIF Cash Flow	\$ 356,174
Projected Interest Rate	6.00%
Term (Years)	18.5
Projected Gross TIF Loan Amount	\$ 3,916,234
URA Issuer Fee	\$ (39,162)
URA Legal / TIF Counsel Fee	\$ (25,000)
URA Trustee Fee	\$ (2,500)
URA Impact Analysis Report (Est.)	\$ (4,900)
TIF Lender Fees	\$ (30,000)
MI TIF Counsel Fee	\$ (25,000)
Capitalized Interests	\$ (352,461) 1.5 years
Projected Net TIF Proceeds	\$ 3,437,210

Tax Projection Summary

Base Real Estate Taxable Assessed Value	\$ 3,500,000
Projected Incremental Taxable Assessed Value	\$ 27,500,031
Projected Taxable Assessed Value	\$ 31,000,031

Note: TIF Loan Terms are still being negotiated with potential TIF Lender(s).
Capitalized interest, DCR, interest rate, amortization, fees and other related TIF issuance costs may be adjusted.

Exhibit B: Base Assessment**SMALLMAN STREET TIF PLAN****TAX INCREMENT BASE**

2018 Millage Rates	
City Tax	0.00806
County Tax	0.00473
School District Tax	0.00984

2018 Assessment			
Lot - Block	2018 Assessed Values	Current Tax-Exempt Ownership Values	Owner ⁵
9-G-80	\$1,700,000	\$1,700,000	Keicher Bros. Enterprises
9-D-200	\$1,800,000	\$0 \$1,800,000	Urban Redevelopment Authority of Pittsburgh Value, if McCaffery signs Ground lease
TOTAL	\$3,500,000	\$3,500,000	

⁵ Parcel 9-G-80 will be sold to the Developer. URA will lease Parcel 9-D-200 to the Developer for 99 years.

Exhibit C: Estimated Costs of Smallman Street Public Improvement Project

Smallman Street Public Improvement Project - Cost Estimates

[Department of Mobility and Infrastructure, City of Pittsburgh
and the Urban Redevelopment Authority of Pittsburgh]

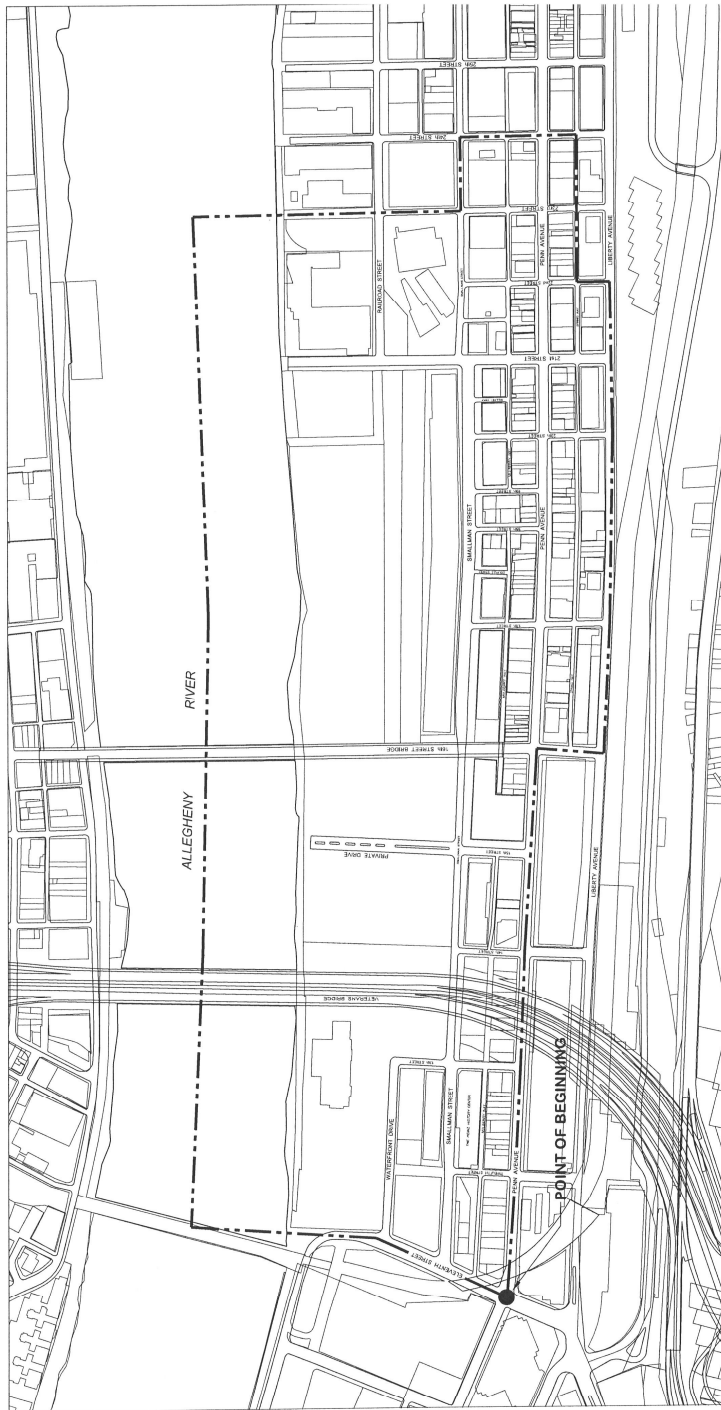
Revised 4-11-18

	PWSA		Public		Total
	(District-Wide)		(TIF Eligible Expenses)		
Public Space Improvements	-	\$	4,957,709	\$	4,957,709
Street (ROW) Improvements	-	\$	691,923	\$	691,923
Storm Sewers, Sanitary Sewers, and Water Distribution System	\$ 13,000,000			\$	13,000,000
CONSTRUCTION TOTAL	\$ 13,000,000	\$	5,649,632	\$	18,649,632
Engineering:	\$ -	\$	948,448	\$	948,448
Inspection:	\$ -	\$	2,516,379	\$	2,516,379
TOTAL COST:	\$ 13,000,000	\$	9,114,459	\$	22,114,459

Notes:

1. "Public Space Improvements" includes lighting, landscaping, trash cans, stair/ramp improvements, and other enhancements to the sidewalk. Also includes a 7% mobilization. Cost estimates were provided by DOMI.
2. "Street and Related ROW Expenses" includes street mill and overlay, sealant, street markers, parking bollards, and other street-related infrastructure improvements. Also includes 7% for Maintenance and Protection of Traffic (MPT) during construction. Cost estimates were provided by DOMI.
3. Storm Sewers, Sanitary Sewers, and Water Distribution System will be covered by PWSA scope of work. Cost estimates are preliminary and expected to be further revised by PWSA.

Exhibit D: Lower Strip District Redevelopment Area #68





	<p>Urban Design Ventures, LLC Community Planning and Development Consultants</p>  <p>212 East 7th Avenue Harrisburg, PA 17101</p>	<p>Map Legend</p> <p>----- Redevelopment Area Boundary</p>	<p>Lower Strip Redevelopment Area Project Boundary Map</p> <p>Prepared For: The City of Pittsburgh, Urban Redevelopment Authority</p>
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Exhibit E: Smallman Street TIF District Boundary

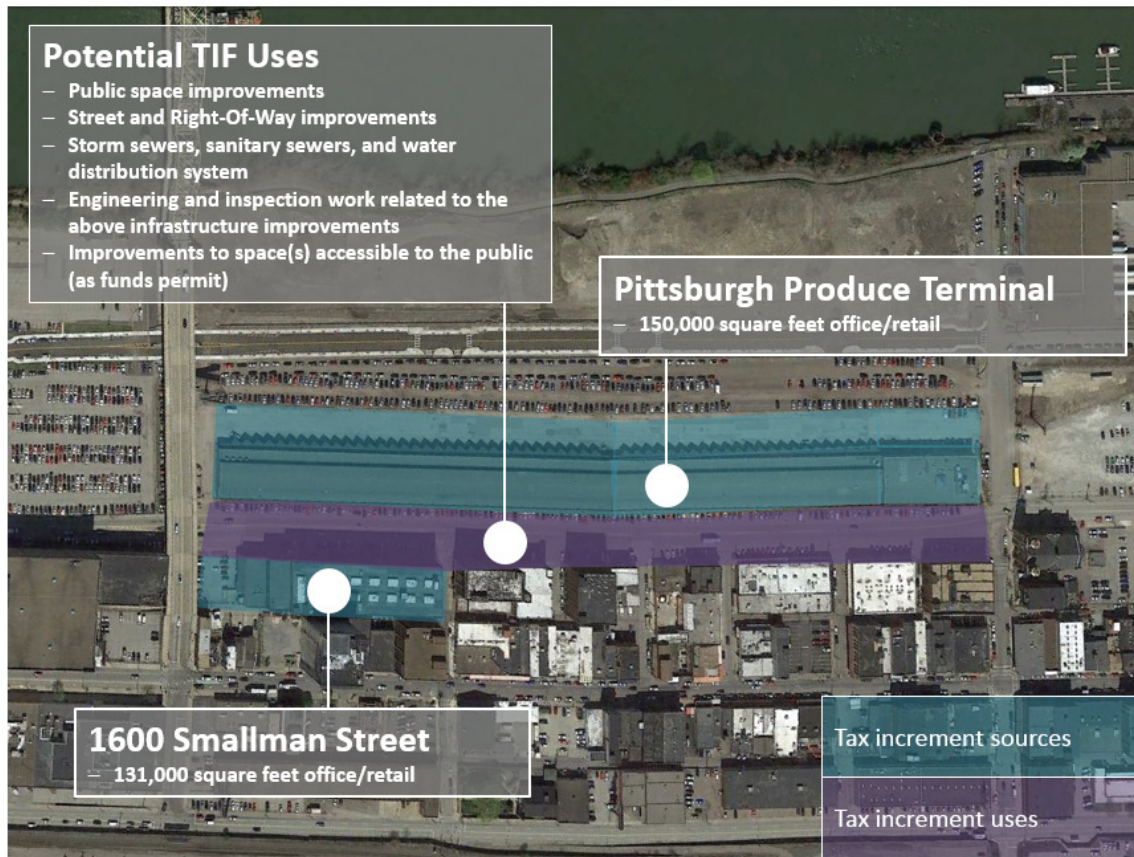


Exhibit F: Economic Impact Study

Prepared by Fourth Economy Consulting, April 2018