

REDEVELOPMENT AUTHORITY OF ALLEGHENY COUNTY

First Amendment to the Tax Increment Financing Plan for the Potato Garden Run Tax Increment Financing Project (the "First Amendment")

November 2013

BACKGROUND STATEMENT

Pursuant to the Pennsylvania Tax Increment Financing Act (the "**TIF Act**"), on November 21, 2006, the County of Allegheny, Pennsylvania (the "**County**") adopted legislation creating the "Potato Garden Run Tax Increment Financing District (the "**Potato Garden Run TIF District**"). The Potato Garden Run TIF District was created in cooperation with the Township of Findlay (the "**Township**"), the West Allegheny School District (the "**School District**") and the Redevelopment Authority of Allegheny County (the "**Redevelopment Authority**") for the purpose of facilitating financing of public infrastructure improvements in connection with commercial development within the Potato Garden Run TIF District (the "**Project**").

The Township, the County, the School District (collectively, the "**Taxing Bodies**") and the Redevelopment Authority previously approved the plan for financing the Project attached hereto as Exhibit A (the "**Original TIF Plan**"). Pursuant to the Original TIF Plan and a Trust Indenture dated as of September 21, 2007 (the "**Indenture**") between the Redevelopment Authority and Wells Fargo Bank, N.A. (the "**Trustee**"), the Redevelopment Authority issued its Tax Increment Financing Funding Notes, in two series, in the aggregate principal amount of \$2,960,900 (together, the "**2007 TIF Notes**"). Under the terms of a Note Placement Agreement dated as of September 21, 2007 between the Redevelopment Authority and the Pennsylvania Department of Community and Economic Development (the "**DCED**"), the DCED purchased the \$2,800,000 principal amount 2007 Series A TIF Note (the "**Series A Note**") from the Redevelopment Authority. Pursuant to a separate Note Placement Agreement dated as of September 21, 2007 between the Redevelopment Authority and the Economic Development Fund (the "**EDF**"), the EDF purchased the \$160,900 principal amount 2007 Series B TIF Note (the "**Series B Note**") from the Redevelopment Authority.

Repayment of the 2007 TIF Notes is secured by the pledge of incremental real estate taxes generated from development within the Potato Garden Run TIF District (the "**Pledged Increment**"). Repayment of the Series A Note is also secured pursuant to an Agreement Regarding Valuation, Assessment and Minimum Payment dated as of September 21, 2007 (the "**Payment Agreement**") between the Redevelopment Authority and Imperial Land Corporation, a Pennsylvania business corporation (the "**Developer**"). Under the terms of the Payment Agreement, the Developer has agreed, among other things, to made Additional Payments (as

defined in the Payment Agreement) to the Trustee, as assignee of the Redevelopment Authority, in the event that Pledged Increment is insufficient in any year to pay the debt service on the Series A Note.

The Redevelopment Authority and the Developer have requested, and the Taxing Bodies have agreed, to amend the Original TIF Plan by removing the currently undeveloped parcels of property identified in Exhibit "B" to this First Amendment (the "**Released Parcels**") from the Potato Garden Run TIF District. The DCED and the EDF, as holders of the 2007 TIF Notes, have both provided their prior, written consent to such amendments.

Contemporaneously with the adoption of this First Amendment, the Redevelopment Authority and the Taxing Bodies expect to adopt the Westport Woods Tax Increment Financing Plan (the "**Westport Woods TIF Plan**"). The Westport Woods TIF Plan includes a plan for financing development of infrastructure improvements within a newly created TIF District that will be comprised of some or all of the Released Parcels. Adoption and implementation of this First Amendment to the Potato Garden Run TIF Plan is contingent upon the adoption and implementation of the Westport Woods TIF Plan.

According to Section 6930.5 (a)(8) of the TIF Act, the governing body of the municipality creating the Potato Garden Run TIF District may at any time adopt an amendment to the Original TIF Plan, which shall be subject to approval in the same manner as the original project plan.

The Redevelopment Authority has made formal presentations to the governing bodies of each of the Township, the County and School District, describing the proposed amendments to the Original TIF Plan set forth in this First Amendment, and each of the Taxing Bodies has designated its representative to meet with the Redevelopment Authority to discuss the amendments. Such representatives and the Redevelopment Authority prepared this First Amendment and submitted it to their respective governing bodies, as required by the TIF Act. The Original TIF Plan, as amended by this First Amendment, is referred to hereinafter as the "**Potato Garden Run TIF Plan**".

First Amendment to the
Tax Increment Financing Plan for the
Potato Garden Run Tax Increment Financing Project

I. Statement Listing the Kind, Number and Location of all Proposed Public Works or Improvements and/or all Residential, Commercial or Industrial Development and Revitalization Improvements.

No amendment to the Original TIF Plan's description of proposed improvements is contemplated. See Exhibit A

II. Economic Feasibility Study of the Project and the Fiscal Effects on the Municipal Tax Base.

The principal reason that the Taxing Bodies and the Redevelopment Authority have determined to amend the Original TIF Plan is to promote additional development in the area that presently includes and surrounds the Potato Garden Run TIF District. Pursuant to this First Amendment, the properties identified on Exhibit "B" hereto (the "**Released Parcels**") shall be removed from within the boundaries of the Potato Garden Run TIF District. Upon removal of the Released Parcels from the Potato Garden Run TIF District, the Redevelopment Authority proposes to include some or all of the Released Parcels in a new tax increment finance district that will be created to capitalize on growth opportunities in the area surrounding Pittsburgh International Airport. Removal of the Released Parcels from the Potato Garden Run TIF District will not adversely impact the ability of the Redevelopment Authority to repay the 2007 TIF Notes according to their terms.

Attached as Exhibit "C" is a schedule of projected revenues and expenses relative to the Potato Garden Run TIF District and the 2007 TIF Notes, showing the impact of the removal of the Released Parcels from within the Potato Garden Run TIF District. In 2013, a County-wide property reassessment was completed. As a result, the 2013 total assessed value of the three properties remaining within the Potato Garden Run TIF District after the Amendment of the Original TIF Plan is \$18,752,700, which represents a 23% increase in assessed value from 2012. In order to prevent a tax windfall, the taxing bodies have established "equalizing millages." Due to the equalizing millage rates, there is not expected to be a material change in the amount of pledged tax increment generated from the properties in the Potato Garden Run TIF. The financial model shown in Exhibit C reflects both the original millage rates of the taxing bodies and the 2002 base assessed property values.

The economic feasibility of the Project and the fiscal effects on the municipal tax base are not expected to change as a result of this First Amendment, therefore no new economic feasibility study has been prepared.

Attached as Exhibit "B" is a map showing the boundary lines of the Potato Garden Run TIF District, as amended.

III. Detailed List of Estimated Project Costs.

No amendment to the Original TIF Plan's description of the estimated project costs is contemplated. See Exhibit A

IV. Description of the Methods of Financing All Estimated Project Costs and the Time When Related Costs or Monetary Obligations are to be Incurred.

No amendment to the Original TIF Plan's description of the methods of financing and the timing of expenditures is contemplated. See Exhibit A

V. Map Showing Existing Uses and Conditions of Real Property in the District

See Exhibit "B" attached hereto.

VI. Map showing Proposed Improvements and Uses Therein

See Exhibit "B" attached hereto.

VII. Proposed Changes of any Zoning Ordinance, Master Plan, Map , Building Code or Ordinance

No amendment to the Original TIF Plan's statement regarding proposed regulatory changes is contemplated. See Exhibit A

VIII. List of Estimated Non-project Costs

No non-project costs are to be financed as a result of the adoption of this First Amendment.

IX. Statement of Proposed Method for Relocation of Families, Persons and Businesses to be Temporarily or Permanently Displaced from Housing or Commercial Facilities in the Project Area by Implementation of the Plan

No amendment to the Original TIF Plan's statement regarding proposed methods for relocating families or businesses is contemplated. See Exhibit A

Exhibit A
Potato Garden Run TIF Plan
September 12, 2006

Exhibit B
Amended TIF District Map



In this map, which represents the original Potato Garden Run TIF District, the green shade represents those parcels that will be released from the District, while the yellow shade represents those parcels that will remain in the District.

Exhibit C
Amended TIF Financial Projections

Amended Potato Garden Run TIF

Use of TIF Proceeds

Activity	Detail	Estimated Cost
Administration & Engineering	Survey, Engineering, Legal & Administrative	\$621,296
Construction	Sewer Extension	266,305
	Manholes	25,000
	Water Extension	1,500,000
	Contingency	387,399
Financing Costs	RAAC Fees	114,200
	Other Financing Costs	46,678
	Interest Payment on TIF Debt	528,226
Total TIF Proceeds to be Used		3,489,104

**Amended Potato Garden Run TIF
Private Development Summary**

Year	Acres	Square Footage	Assumed Land Value	Assessed Building Value*	Adjusted Land Value & Hard Investment	Site Preparation, Infrastructure & Utilities	Soft Cost	Total Private Development
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-
2011	28.5914	234,100	1,898,100	11,444,900	13,343,000	1,049,086	1,249,399	15,641,485
2012	10.0000	91,903	497,200	3,861,562	4,358,762	366,924	422,849	5,148,535
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
	38.5914	326,003	2,395,300	15,306,462	17,701,762	1,416,010	1,672,247	20,790,020

* The Assessed Building Value for the structure built in year 4 is an estimate.

**Amended Potato Garden Run TIF
Tax Increments**

Year	Assessment(1)	Real Estate Taxes				Base Real Estate Taxes (2)				Tax Increments			
		Findlay Township	West Allegheny School District	Allegheny County	Total	Findlay Township	West Allegheny School District	Allegheny County	Total	Findlay Township	West Allegheny School District	Allegheny County	Total
	<i>Millage</i>	1.95	21.5	4.69	28.14								
2007	-	113	1,246	272	1,631	113	1,246	272	1,631	-	-	-	-
2008	-	113	1,246	272	1,631	113	1,246	272	1,631	-	-	-	-
2009	-	113	1,246	272	1,631	113	1,246	272	1,631	-	-	-	-
2010	-	113	1,246	272	1,631	113	1,246	272	1,631	-	-	-	-
2011	13,343,000	26,019	286,875	62,579	375,472	113	1,246	272	1,631	25,906	285,628	62,307	373,841
2012	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2013	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2014	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2015	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2016	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2017	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2018	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2019	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2020	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2021	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2022	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2023	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2024	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2025	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2026	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
2027	17,701,762	34,518	380,588	83,021	498,128	113	1,246	272	1,631	34,405	379,342	82,749	496,496
	Total	578,540	6,378,773	1,391,463	8,348,776	2,261	24,925	5,437	32,622	576,392	6,355,095	1,386,297	8,317,784

(1) 2012 assessment values

(2) Base Real Estate Taxes are based on a per acre value of \$1,502 as of date of TIF District creation.

**Amended Potato Garden Run TIF
Pledged Tax Increments**

Tax Increment					Tax Increment to Taxing Bodies				Pledged Tax Increment to Project			
Year	Findlay Township	West Allegheny School District	Allegheny County	Total	Findlay Township 25%	West Allegheny School District 25%	Allegheny County 25%	Total	Findlay Township 75%	West Allegheny School District 75%	Allegheny County 75%	Total
2007	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-	-
2011	25,906	285,628	62,307	373,841	6,476	71,407	15,577	93,460	19,429	214,221	46,730	280,381
2012	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2013	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2014	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2015	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2016	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2017	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2018	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2019	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2020	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2021	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2022	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2023	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2024	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2025	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2026	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
2027	34,405	379,342	82,749	496,496	8,601	94,835	20,687	124,124	25,804	284,506	62,062	372,372
Total	576,392	6,355,095	1,386,297	8,317,784	144,098	1,588,774	346,574	2,079,446	432,294	4,766,321	1,039,723	6,238,338

Amended Potato Garden Run TIF

Financing Assumptions	
1. Percentage of Tax Increment Pledged by each Taxing Bodies	75%
2. Interest Rate on TIF Debt	2%
3. Interest and Principal payment	Commencing Year 5*
4. Amortization	16 Years*
5. Principal Payment at the End of Term	Fully Amortizing Loan
6. Payments per Year	1
7. Basis for Assessment	Appraised Land Value and Development Costs
8. Guarantor	Imperial Land Corpotation
9. Amount of Guarantee	\$2,800,000
10. Amount of Loan to be Repaid with TIF Proceeds	\$2,960,877
11. Estimated Issuance Costs	\$160,877**

* See the repayment terms of the PennWorks loan within Tax Increment Financing Components (xi) Financial Details.

** To be financed through RAAC EDF loan

**Amended Potato Garden Run TIF
PennWorks Loan**

Year	Principal Borrowed	Debt Service	Pledged Tax Increment Available with Debt Coverage	Release of Debt Coverage Prior Years	Annual Fees	Total Available to Make Debt Service Payment	Total Payment Due	Interest	Principal Repayment	Remaining Principal	Balance Available After Debt Service Payment
2007	2,962,500	-	-	-	-	-	-	-	-	2,962,500	-
2008	2,962,500	-	-	-	-	-	-	-	-	2,962,500	-
2009	2,962,500	-	-	-	-	-	-	-	-	2,962,500	-
2010	2,960,877	-	-	-	-	-	-	-	-	2,960,877	-
2011	2,960,877	-	308,419	-	-	308,419	-	-	-	2,960,877	308,419
2012	2,960,877	218,069	409,610	30,842	18,500	730,370	218,069	59,218	158,851	2,802,026	512,301
2013	2,802,026	218,069	409,610	40,961	18,500	944,372	218,069	56,041	162,028	2,639,997	726,303
2014	2,639,997	218,069	409,610	40,961	18,500	1,158,373	218,069	52,800	165,269	2,474,728	940,304 *
2015	2,474,728	218,069	409,610	40,961	18,500	1,372,375	218,069	49,495	168,574	2,306,154	1,154,306
2016	2,306,154	218,069	409,610	40,961	18,500	1,586,376	218,069	46,123	171,946	2,134,208	1,368,307
2017	2,134,208	218,069	409,610	40,961	18,500	1,800,378	218,069	42,684	175,385	1,958,823	1,582,309
2018	1,958,823	218,069	409,610	40,961	18,500	2,014,380	218,069	39,176	178,893	1,779,931	1,796,311 **
2019	1,779,931	218,069	409,610	40,961	18,500	2,228,381	218,069	35,599	182,470	1,597,460	2,010,312
2020	1,597,460	218,069	409,610	40,961	18,500	2,442,383	218,069	31,949	186,120	1,411,341	2,224,314
2021	1,411,341	218,069	409,610	40,961	18,500	2,656,384	218,069	28,227	189,842	1,221,498	2,438,315
2022	1,221,498	218,069	409,610	40,961	18,500	2,870,386	218,069	24,430	193,639	1,027,859	2,652,317
2023	1,027,859	218,069	409,610	40,961	18,500	3,084,387	218,069	20,557	197,512	830,348	2,866,318
2024	830,348	218,069	409,610	40,961	18,500	3,298,389	218,069	16,607	201,462	628,886	3,080,320
2025	628,886	218,069	409,610	40,961	18,500	3,512,390	218,069	12,578	205,491	423,394	3,294,321
2026	423,394	218,069	409,610	40,961	18,500	3,726,392	218,069	8,468	209,601	213,793	3,508,323
2027	213,793	218,069	409,610	40,961	18,500	3,940,393	218,069	4,276	213,793	-	3,722,324
		3,489,104			296,000	23,196,964	3,489,104	528,226	2,960,877		

Assumptions

Principal	2,960,877
Interest	2.00% per Year
Term	16 Years
Debt Service	-218,069
DCR	1.10
DSRF Interest	0.015

* Balance after debt service expected to pay off debt completely in original Potato Garden Run TIF

**Balance after debt service expected to pay off debt completely in Amended Potato Garden Run TIF