

Bill No. 4591-09

No. 03-09-RE

RESOLUTION

A Resolution of the County of Allegheny adopting the East Liberty Gateway Tax Increment Financing Plan presented by the Urban Redevelopment Authority of Pittsburgh and authorizing related agreements.

Whereas, Pennsylvania's Tax Incremental Financing Act (53 P.S. §6930.01 *et seq.*, as amended) (the "Act") provides local taxing bodies with legal authority to cooperate in providing financing for development of blighted areas within their respective jurisdictions in order to increase the tax base and improve the general economy; and

Whereas, under the Act, the Urban Redevelopment Authority of Pittsburgh (the "Authority") is legally empowered to prepare a Tax Increment Financing Plan (the "TIF Plan") to provide financing for the elimination and prevention of the development or spread of blight within specified tax increment districts located in the City of Pittsburgh (the "City"); and

Whereas, the County of Allegheny (the "County"), the School District of Pittsburgh (the "School District") and the City have each adopted resolutions on November 5, 2008, November 25, 2008 and November 10, 2008 respectively, endorsing the concept of a TIF Plan to fund a portion of the costs of construction of public infrastructure and other necessary public improvements to facilitate a commercial development in the East Liberty Neighborhood of the City (the "TIF Project") and authorizing the Authority to prepare a detailed TIF Plan; and

Whereas, the Authority, working with the designated representatives of the County, the School District and the City, has adopted a TIF Plan in accordance with the requirements of the Act, providing for the creation of the East Liberty Gateway TIF District (the "TIF District") and financing a portion of the costs of the TIF Project; and

Whereas, the Act provides for the cooperation of local taxing bodies in the financing of projects within TIF Districts (including publicly owned infrastructure outside the boundaries of a TIF District but of such benefit to a TIF Project) and authorizes the Authority to issue obligations for the purpose of paying certain costs of implementing TIF Plans; and

Whereas, the County is expected to benefit from the use of tax increments to pay certain project costs within the TIF District by stimulation of private investment, increases in property values, creation of employment opportunities, and improvement of surrounding properties.

The Council of the County of Allegheny hereby resolves as follows:

Section 1. Incorporation of the Preamble.

The provisions set forth in the preamble to this Resolution are incorporated by reference in their entirety herein.

Section 2. Adoption of TIF Plan.

The East Liberty Gateway TIF Plan prepared by the Authority, attached hereto as Exhibit "A", which is presented to the County by the Authority and which provides for financing certain of the costs of the TIF Project is hereby adopted, and the County, in accordance with the Act, agrees to participate in whole in the TIF District to the extent and as provided for in the TIF Plan.

Section 3. Real Estate Tax Revenues.

A portion of the real estate tax revenues due or owing to, or received by the County with respect to certain parcels within the TIF District, to the extent described in the TIF Plan, are hereby pledged, and a security interest therein is hereby granted to the Authority or its assignee, for the purpose of paying costs of the TIF Project and securing the repayment of any TIF obligations to be issued by the Authority, in accordance with the TIF Plan.

Section 4. Resolution Delivery to the Mayor.

The Chief Clerk or the County Manager is directed to deliver a copy of this resolution to the Mayor of the City of Pittsburgh, as provided in the Act.

Section 5. Cooperation Agreement.

The appropriate public officials of the County are hereby directed to take such additional action in cooperation with the Authority, the City and the School District in furtherance of the implementation of the TIF Plan, including, without limitation, the execution and delivery of a Cooperation Agreement by and among the County, the Authority, the City, and the School District.

Section 6. Severability. If any provision of this Resolution shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Resolution which shall be in full force and effect.

Section 7. Repealer. Any Resolution or Ordinance or part thereof conflicting with the provisions of this Resolution is hereby repealed so far as the same affects this Resolution.

Enacted in Council, this 17th day of February, 2009

Council Agenda No. 4591-09

Rich Fitzgerald

Rich Fitzgerald
President of Council

Attest: John Mascio
John Mascio
Chief Clerk of Council

Chief Executive Office February 24, 2009

Approved: Dan Onorato
Dan Onorato
Chief Executive

Attest: Donna Beltz
Donna Beltz
Executive's Secretary

SUMMARY OF LEGISLATION
EAST LIBERTY GATEWAY TIF RESOLUTION
SUBMITTED FOR COUNCIL MEETING FEBRUARY 3, 2009

The Urban Redevelopment Authority of Pittsburgh (the "URA") is working with Eastside V, LP to construct a commercial development, structured parking facility and other necessary public infrastructure improvements to be located at Broad Street and Fifth Avenue in the East Liberty Neighborhood of the City of Pittsburgh (the "Project").

The URA requests that the Council of the County of Allegheny:

- (a) consider a resolution to participate in the East Liberty Gateway TIF Plan (the "TIF Plan") and to pledge a portion of tax revenues within the East Liberty Gateway TIF District (the "TIF District") to secure the repayment of debt incurred by the URA for the purpose of financing a portion the Project;
- (b) direct the appropriate public officials of the County to take such additional actions in cooperation with the URA, City of Pittsburgh and the School District of Pittsburgh to implement the TIF Plan, including without limitation, the execution and delivery of a Cooperation Agreement by and among the participants.

Eastside V, LP proposes to redevelop properties in East Liberty, including a vacant former high-rise apartment building, for commercial use. The proposed development will include a 154,000 square foot Target department store and structured parking facility. TIF proceeds will be used fund a portion of the costs of public infrastructure including the modification of a portion of Penn Circle to allow for two way traffic, streetscape improvements and off-site public space.

Total engineering and construction costs including the private development are estimated at \$52.3 million. The TIF Plan proposes that the Taxing Bodies pledge 75% of the real property tax increment to finance a portion of eligible Project costs. Approximately \$2 million of TIF Proceeds are expected to be made available for the cost of public infrastructure and other public improvements outlined above to facilitate redevelopment of the TIF District.

Urban Redevelopment Authority of Pittsburgh

East Liberty Gateway TIF District

Tax Increment Financing Plan

Outline

1. East Liberty Gateway Tax Increment Financing (TIF) District (*see attached map*)
2. Proposed Development on East Liberty Gateway site with estimated square footage
 - Target Department Store 154,000 square feet
3. Estimated Project Costs

– Site Assembly, Preparation and Development	\$ 45,300,000
– Infrastructure Improvements	<u>\$ 7,000,000</u>
 Total Estimated Project Costs	 \$ 52,300,000
4. Estimated Net Proceeds of TIF Financing (TIF Proceeds) \$ 2,000,000
5. Use of TIF Proceeds
 - Public Infrastructure Improvements \$ 2,000,000
(Road Construction, Streetscape)
6. Estimated Total Cost of Infrastructure Improvements (to be partially funded with TIF proceeds):

– Port Authority Site Ramp Reconfiguration	\$ 1,250,000
– Penn Circle Two-Way Conversion	\$ 3,250,000
– Penn Circle Streetscape Improvements	\$ 1,000,000
– Public Space Improvements for East Liberty Gateway Site	<u>\$ 1,500,000</u>
 Total Infrastructure Improvement Costs	 \$ 7,000,000
7. Estimated Source of Funds for Infrastructure Improvements:

– Bakery Square TIF proceeds	\$ 2,500,000
– East Liberty Gateway TIF proceeds (proposed)	\$ 2,000,000
– State grants (proposed)	\$ 2,000,000
– City Department of Public Works (2004 & 2007 Budgets)	<u>\$ 500,000</u>
 Total Infrastructure Improvement Funding	 \$ 7,000,000

8. a. Current assessed value of Taxable Real Property in the proposed East Liberty Gateway TIF District \$ 1,592,100

b. Projected estimate of assessed value of Taxable Real Property following Improvements in the East Liberty Gateway TIF District \$11,500,000

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. a. Current Annual Real Estate Tax Revenue of the proposed East Liberty Gateway TIF District at 2% discount: \$ 45,887

b. Projected Annual Real Estate Tax Revenue within the TIF District Following Improvements at 2% discount: \$ 331,451

12. Estimated Annual Real Estate Taxes Generated After Full Development (based on current millage at 2% discount)

	Current	Tax Increment	Total
City (10.8 mills – 36.8%)	\$16,851	\$104,865	\$121,716
County (4.69 mills – 15.9%)	\$7,318	\$45,539	\$52,856
School District (13.92 mills – 47.3%)	\$21,719	\$135,160	\$156,878
Total Taxes (100%)	\$45,887	\$285,564	\$331,451

13. Estimated Annual Real Estate Tax Increment Amounts to TIF Project (75%) and Taxing Bodies (25%)

	TIF Project	Taxing Bodies	Total
City	\$78,649	\$26,216	\$104,865
County	\$34,154	\$11,385	\$45,539
School District	\$101,370	\$33,790	\$135,160
Total Taxes	\$214,173	\$71,391	\$285,564

14. Estimated Jobs Created:

- a. Construction Phase Total Full-Time Jobs Created: 96
- b. Projected Number of Permanent On-Site Jobs: 115 FTE
- c. Total Permanent Employment Impact of Project (based on multiplier effect): 134

15. TIF District Creation Date: November 1, 2009

16. Parcels Included in Proposed TIF District:

<u>Address</u>	<u>Lot & Block</u>
6231 Penn Ave	84-C-220
6260 Broad Street	84-C-100
6280 – 6282 Broad Street	84-C-200

INITIAL RESOLUTIONS

URA

Inducement Resolution

October 16, 2008

County

First Reading
Econ. Dev. Committee
Second Reading

October 21, 2008 at 5PM
October 28, 2008 at 5PM
November 5, 2008 at 5PM

School

Business Committee
Agenda Review
Legislative Meeting

November 3, 2008 at 5:30PM
November 19, 2008 at 6:00PM
November 25, 2008 at 7:30 PM

City

Send Legislation
Introduce Legislation
Committee Discussion
Final Vote

October 21, 2008
October 28, 2008
November 6, 2008 at 1PM
November 10, 2008 at 10AM

Draft PLAN CIRCULATED
TIF Committee Meeting
Send final plan to School and County
along with draft resolutions

December 5, 2008
December 15, 2008
January 15, 2009

FINAL RESOLUTIONS

URA

Board Approval of TIF Plan

January 15, 2009

County

First Reading
 Economic Dev. Committee #1
 Economic Dev. Committee #2
 Second Reading and Vote

February 3, 2009 at 5PM
 February 10, 2009 at 5PM
 February 12, 2009 at 4PM
 February 17, 2009 at 5PM

School

Business Committee
 Agenda Review
 Legislative Meeting

February 2, 2009 at 5:30PM
 February 11, 2009 at 6PM
 February 25, 2009 at 7:30PM

City

Send Legislation
 Introduce Legislation
 Committee Discussion
 Hearing Advertisement
 Hearing
 Committee Discussion
 Final Vote

February 3, 2009
 February 10, 2009
 February 18, 2009 at 1PM
 February 19, 2009
 March 31, 2009 TBD
 April 15, 2009 at 1PM
 April 21, 2009

Cooperation Agreement

Execution of Cooperation Agreement

December 2009

Urban Redevelopment Authority of Pittsburgh East Liberty Gateway Tax Increment Financing Plan

January 2009

I. Introduction

A. Overview of East Liberty Gateway:

The East Liberty Gateway project includes three development phases: 1) site assembly and site prep; 2) development of Target Store, and 3) public infrastructure to support the development and East Liberty revitalization in general. The public infrastructure improvement project is the “TIF Project.” The TIF proceeds will fund public infrastructure improvements and related costs while other funding sources will be used for site assembly, site prep and the Target retail development (“Target”).

The East Liberty Gateway project is one of the anchor commercial redevelopment sites within the East Liberty. East Liberty Development Inc. (ELDI), a non-profit community developer for East Liberty, worked with local constituencies to spearhead the implementation of the Community Master Plan which outlines East Liberty’s master development strategy. Adopted in 2005, the Plan was developed through 80 stakeholder meetings with East Liberty residents and business-owners. The Target development is consistent with ELDI’s Community Master Plan and the Bakery Row Master Plan.

1. Target Project on the East Liberty Gateway Site

Target will serve as the eastern anchor for the East Liberty mixed-use business district and will also act as a gateway to the community. Target, a national chain department store, is expected to be the tenant on the East Liberty Gateway site. This five-acre site will front Penn Circle East and is situated between Broad Street and Penn Avenue. The site consists of three parcels, including the existing vacant Penn Circle high-rise apartment building (former public housing previously owned and maintained by HUD) with ground-floor retail, the Masterworks Paint Supply store and the former Plumber’s Equipment building now partially occupied by the State department of correction offices. The site is blighted and grossly under-used in its current state. Site preparation activities will include assessment, remediation and demolition.

The East Liberty Gateway site is owned by Eastside Limited Partnership V (the “Developer”), a Pennsylvania limited partnership (its sole general partner is Penn Centre Broad, LLC). Steven Mosites, Jr. is the managing member of Penn Centre Broad, LLC and Steven Mosites, Jr., Mark Minnerly and Susan M. Bicket are limited partners. Steven Mosites is the founder and managing member of The Mosites Company. East Liberty Development, Inc has served as a project sponsor and partner

in planning, fundraising, and community coordination. The Developer will be completing the site preparation and will lease the site to Target for their development.

The Mosites Company (Mosites), founded in 1992 by Steven Mosites, Jr. has completed several urban development projects in the City of Pittsburgh. Mosites' projects include the Mount Washington Rite Aid and Foodland development, 1660 Murray Condominiums in Squirrel Hill, as well as Whole Foods Market and EastSide II projects (which includes a Borders Bookstore, Walgreens Pharmacy, PNC Bank Branch, Starbucks Coffee, and several local community serving businesses and a parking structure to support their businesses) in East Liberty.

New Retail Space, Target Department Store:	154,000 Square Feet (estimated)
Ground Level Parking Lot:	463 Spaces (estimated)

2. East Liberty Gateway Tax Increment Financing Project

The East Liberty Gateway TIF district will generate approximately \$2M in proceeds for use towards \$7M needed for infrastructure improvements in East Liberty.

Project Scope for TIF Project: Infrastructure Improvements

Converting Penn Circle from one-way to two-way traffic will change and improve the traffic circulation created in the urban-renewal of the 1970's and 1980's, which left key land areas in East Liberty isolated from surrounding residential markets by wide, high-speed, one-way highways. The conversion will be completed along Penn Circle South and Penn Circle East between Highland Avenue and Collins Avenue (see map on page 17). Streetscaping, and sidewalk and other crosswalk improvements will yield additional public on-street parking and create a pedestrian-friendly environment for the East Liberty retail, business and residential district. The Port Authority bus loop at the corner of Penn Avenue and Penn Circle East will be reconfigured from a five-way intersection to a more vehicular and pedestrian-friendly four-way intersection. Working with the Port Authority, the busway entrance will be moved east on Penn Avenue.

The public infrastructure improvements will include:

- Port Authority Site Ramp Reconfiguration
- Penn Circle Two-Way Conversion
- Penn Circle Streetscape Improvements
- Public Space Improvements for the East Liberty Gateway site

TIF District Details

The \$9,907,900 projected increase from the base year real estate assessed value in the proposed TIF district (after full build-out) will yield a projected real estate tax increment of \$285,564. The URA proposes that 75%, or \$214,173, of the real estate tax increment be pledged to support debt that would help fill financing gaps for public infrastructure improvements including: Port Authority site ramp reconfiguration; roadway two-way conversion, streetscaping and other public space improvements. The pledged real estate tax increment is expected to support a financing that will

generate approximately \$2 million for these off-site infrastructure improvements that will benefit the neighborhood and support the development.

The planned development will create a much denser and better utilized site that will produce substantially more tax revenue and generate significant employment. The economic impact analysis of the proposed site estimates that, after full build-out, 115 new full-time equivalent jobs will be created. The projected assessed value, based upon the Allegheny County Office of Property Assessment estimate (subject to change), of taxable real property following improvements in the East Liberty Gateway TIF District will be \$11,500,000.

B. East Liberty Gateway Redevelopment Area #66

East Liberty Gateway is located in the East Liberty neighborhood in Council District 9 of the City of Pittsburgh. The site is entirely within the proposed East Liberty Gateway Redevelopment Area #66 (see map on page 14). The Planning Commission of the City of Pittsburgh is expected to certify this study area as blighted in February 2009 as a result of findings in the East Liberty Gateway Area Basic Conditions Report. The final redevelopment area map will be included on page 14 of the Plan before Pittsburgh City Council's final vote on the TIF Plan.

II. Projected Budget for Improvements Financed with TIF Proceeds

The proceeds from the TIF Bond(s)/Note(s) will be used to partially fund the public infrastructure improvements. TIF proceeds would be used to fund a portion of the public spaces improvements needed for the East Liberty Gateway Project. The projected costs for these improvements are as follows:

1. Port Authority Site Ramp Reconfiguration	\$1,250,000
2. Penn Circle Two-Way Conversion	\$3,250,000
3. Penn Circle Streetscape Improvements	\$1,000,000
4. Public Space Improvements for East Liberty Gateway site	<u>\$1,500,000</u>
Total Infrastructure Improvement Costs	\$7,000,000

The estimated sources of funds for infrastructure improvements include:

– Bakery Square TIF proceeds	\$ 2,500,000
– East Liberty Gateway TIF proceeds (proposed)	\$ 2,000,000
– State grants (proposed)	\$ 2,000,000
– City Department of Public Works (2004 & 2007 Budgets)	<u>\$ 500,000</u>
Total Infrastructure Improvement Funding	\$ 7,000,000

The amount of incremental taxes shall be applied either: (a) directly toward the Capital Costs (as defined in the Tax Increment Financing Act (53 P.S. §6930.1 et.seq.) 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, incremental taxes will be applied so long as and until 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.

III. Economic Impact Analysis

Excerpts from the East Liberty Gateway development impact analysis are included as an Exhibit beginning on page 20.

IV. Economic Feasibility Analysis

A. Estimated Infrastructure Improvement Costs

Construction Costs	\$ 5,850,000
Architectural and Engineering	\$ 500,000
Contingency	\$ 650,000
	Grand Total
	\$7,000,000
Estimated Funding Sources	
Bakery Square TIF Proceeds	\$ 2,500,000
East Liberty Gateway TIF Proceeds (proposed)	\$ 2,000,000
State Grants (proposed)	\$ 2,000,000
City Department of Public Works (2004 & 2007 Budgets)	\$ 500,000
	Grand Total
	\$7,000,000

B. Tax Increment Financing

1. Bond/Note Amount(s)

The Tax Increment Financing (TIF) Bond(s)/Note(s) to be issued to fund a portion of the infrastructure costs in East Liberty along Penn Circle and will be serviced by:

75% of the School District, City and County incremental real estate taxes on all parcels within the TIF District.

The URA may use a Department of Housing and Urban Development (HUD) Section 108 loan for the TIF financing. Section 108 is the loan guarantee portion of the Community Development Block Grant (CDBG) Program. The program is geared to provide communities with a source of financing for land acquisitions, economic development, property rehabilitation, public infrastructure with an emphasis on large-scale development. In order to access these loans, grantees have to pledge future CDBG grant funds to cover debt service payments in case of a default or if, for any reason, the planned repayment stream is not sufficient. Issuance costs with Section 108 loans are substantially less than for bond issues.

2. Pledged Revenues

The TIF Bond(s)/Note(s) are projected to generate \$2 million in net proceeds. With respect to the School District, City and County, 75% of the real estate tax increment from the Pledged Parcels, as defined by the lot & block designations below, will be used to support the TIF Bond(s)/Note(s) or to fund the infrastructure costs.

3. Pledged Parcels

Lot / Block	Owner
84-C-220	Penn Manor Limited Partnership
84-C-100	Eastside Limited Partnership V
84-C-200	Malcolm Samakow

4. Provisions for Unused TIF Bond/Note Proceeds

Any TIF Bond(s)/Note(s) proceeds which remain after financing the capital costs may be used for any other Public Infrastructure Improvements servicing the TIF district.

5. Tax Base for Purpose of Increment Calculation

Subject to the provision of the Tax Increment Financing Act (53 P.S. §6930.1 et.seq.), 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 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 15.

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 (and possibly certain of the documents executed in connection with the issuance of any TIF Bond(s)/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

Bond(s)/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. Minimum Payment Agreement

The URA will require the Developer, or related entities, of all current taxable parcels within the East Liberty Gateway TIF district to sign minimum payment agreements before new development begins. These agreements will require the Signatory to make payments sufficient to cover debt service and other costs related to the TIF bond(s)/note(s) in the event that the tax increment pledged to such payments is insufficient, thereby providing additional security for the payments required for debt service on TIF bond(s)/note(s) and related costs.

In the minimum payment or a related agreement the Developer will agree, during the term of the TIF District, not to protest, challenge, appeal or otherwise contest any valuation of the TIF parcels made by the County Assessor, nor to seek any exemption for all or any portion of the TIF parcels from real estate taxation, if the effect of any such contest would be to reduce the total amount of the taxes paid including the base tax and the amount of pledged increment to an amount which is less than the base tax and the debt service on the TIF Note(s)/Bond(s) plus related costs.

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 Bond(s)/Note(s) or the other uses described in Section II above, will be distributed first to reimburse the TIF Project Infrastructure budget if there is less than \$2,000,000 to allocate to the TIF Project Infrastructure Improvements and, second to the Taxing Bodies. 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 Taxing Body that increased the millage rate.

9. Interest Earnings

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

10. Financial Details ¹

The East Liberty Gateway TIF District will be established on November 1, 2009.

¹ See Financial Analysis, page 15

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 and related costs.

The specific terms and structure of the TIF Bond(s)/Note(s) will be determined at the time of issuance. However, it is contemplated that the first TIF Bond(s)/Note(s) will be issued in 2009 and amortized over an approximate 19 year term. All TIF Bond(s)/Note(s) issued for the East Liberty Gateway project will be required to be retired no later than 20 years past the approval date of the TIF district. The URA may use a HUD Section 108 Loan for the TIF financing.

TIF Bond(s)/Note(s) proceeds may be used to pay construction period interest.

The TIF Bond(s)/Note(s) are contemplated to be issued as taxable or tax exempt instruments and the analysis about whether any portion can be tax exempt has not yet been completed. That legal determination will also have an impact on the interest rates and the proceeds to be received.

The specific uses for various sources of funds may be interchanged as necessary to efficiently fund the total project. It is currently anticipated that TIF Bond(s)/Note(s) proceeds will be used to fund construction of off-site infrastructure improvements and other public infrastructure.

11. Employment Opportunities for Neighborhood Residents

The Developer will work with East Liberty Development Inc.'s ("ELDI") Coalition of Organized Residents of East Liberty Inc. ("CORE") to provide job readiness, job recruitment and job training programs for tenant(s) expected at the East Liberty Gateway development. The Developer has committed to provide \$50,000 per year for three years beginning in 2009 to ELDI's CORE program, provided that the project continues to proceed.

12. Community Engagement

ELDI has worked with the community to engage its residents and business owners to vet the East Liberty Gateway plan and secured their support. It was agreed that the plan met the original goals of the community, captured in East Liberty Community Master Plan, which are to restore the commercial district, create permanent job and become a sustainable community.

The Developer and ELDI presented details about the Target project to the Planning Commission on November 18 and December 2, 2008. The Developer and the Target Corporation presented their conceptual design plan to the City of Pittsburgh's Conceptual Design Advisory Panel (CDAP) on September 3, 2008. CDAP had specific recommendations that Target incorporated into their design and which they re-presented to CDAP on November 12, 2008. Both the Planning

Commission meeting and CDAP meetings are open to the public. Both entities approved the design plans.

In addition to these meetings, the community had opportunities to comment on the TIF and Target projects during the process of getting Initial Resolutions for the TIF District approved by the three Taxing Bodies. The community will continue to have opportunities to evaluate the TIF and Target projects and comment during the various public hearings and meetings scheduled for the final legislative approvals of the TIF.

V. Exhibits

Page 15: Financial analysis of the TIF plan

Page 16: Base assessments

Page 17: Probable costs for the TIF Project (infrastructure improvements)

Page 18: East Liberty Gateway TIF District boundaries and infrastructure improvement areas

Page 19: Boundaries of the Proposed East Liberty Gateway Redevelopment Area #66

Page 20: Excerpts from the Economic Impact Study

VI. Proposed Zoning Changes

Two of the three parcels for the Target development are currently zoned “UI” Urban Industrial; while the third parcel is zoned “AP” Mixed-Use Residential/Commercial Planned Unit Development. There is no need to rezone this development area as the proposed use is a use-by-right in both zoning districts. Target proposes to construct a non-prototype single-level elevated store concept, due to limitations on the available site area. While the Target store and parking would traditionally occupy a 10-acre site, Target will optimize use of this five-acre land assembly by stacking their store shell above parking at grade and structure the building to handle vertical transportation. Limitations on site area and other design guidelines have required the store to seek dimensional variances which have been granted.

VII. Estimated Non-Project Costs

The TIF Infrastructure project is expected to complement and stimulate ongoing development in the area, specifically the eastern gateway into East Liberty. The Target Development, which is not part of the TIF project, is projected to cost approximately \$45 million. Other non-project costs listed under “issuance costs” include capitalized interest

(estimated), URA issues fee, TIF counsel fee, HUD issuance fee, Trustee fee, and fees for preparing the Basic Condition and Impact Analysis Reports.

VIII. Proposed Relocation Statement

Three businesses will be displaced by this development. One tenant, Masterworks Paint, is owner-occupied and has voluntarily sold their property to the Developer. The other two businesses, the Parole Office and Magic Cleaners, will be compensated by the Developer for the actual reasonable costs incurred in their relocations. The Developer and ELDI have worked closely with these two businesses to find comparable spaces to occupy.

IX. 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. The gross proceeds are currently projected to be about \$2.2M based on the financial analysis on page 14.

X. 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 \$2.2M based on the financial analysis on page 14.

Pledged Increment
 1) Real Estate Tax (City)
 2) Real Estate Tax (School Board)
 3) Real Estate Tax (County)

Current 2002 Base Year (as of 12/18/08)

\$1,592,100

\$11,500,000

Projected 2002 Base Year FMV

Projected Annual Real Estate Tax Increment at Discount

Total Taxes	\$ 331,451
Less: Current Taxes	\$ 45,887
Tax Increment	\$ 285,564
Less: 25% Distribution of Real Estate Taxes to 3 Taxing Bodies	\$ 71,391
Tax Increment Pledged	\$ 214,173
TOTAL TAX INCREMENTS PLEDGED	\$ 214,173

Total Taxes	\$ 331,451
Less: Current Taxes	\$ 45,887
Tax Increment	\$ 285,564
Less: 25% Distribution of Real Estate Taxes to 3 Taxing Bodies	\$ 71,391
Tax Increment Pledged	\$ 214,173
TOTAL TAX INCREMENTS PLEDGED	\$ 214,173

Real Estate Tax Analysis		Millage	Current	Increment	Total
City	At Discount	0.0108 \$	17,195 \$	107,005 \$	124,200
County	At Discount	0.00469 \$	16,851 \$	104,865 \$	121,716
School District	At Discount	0.01392 \$	7,467 \$	46,468 \$	53,935
Projected Total Real Estate Tax			7,318 \$	45,539 \$	52,856
Projected Total Real Estate Tax @ 2% discount			22,162 \$	137,918 \$	160,080
Projected Total Taxes at 2% Discount on Real Estate Portion			21,719 \$	155,160 \$	156,778
Projected Total Taxes at 2% Discount on Real Estate Portion			46,824 \$	291,391 \$	338,215
Projected Total Taxes at 2% Discount on Real Estate Portion			45,887 \$	285,564 \$	331,451
Projected Total Taxes at 2% Discount on Real Estate Portion			45,887 \$	285,564 \$	331,451

Summary of Allocations of Tax Increment at 2% Discount for pledged parcels		Increment to Taxing Bodies 25%	Total
CITY (Real Estate)	\$ 78,649	\$ 26,216	\$ 104,865
COUNTY	\$ 34,154	\$ 11,385	\$ 45,539
SCHOOL DISTRICT	\$ 101,370	\$ 33,790	\$ 135,160
Subtotals	\$ 214,173	\$ 71,391	\$ 285,564
Total	\$ 214,173	\$ 71,391	\$ 285,564

TIF Note/Bond

Projected Gross Annual Cash Flow Available	\$ 214,173
<i>Less: Related Costs</i>	
URA Administration	\$ 20,000
Trustee Fee	\$ 1,900
Projected Annual Cash Flow Available for Note/Bond	\$ 193,173
<i>Less: Debt Coverage</i>	
Projected Interest Rate	100%
Term (single annual principal payment)	5.00% 17.5 Years
Projected Gross Note Amount Available	\$ 218,464

<i>Less: Estimated Insurance Costs</i>	
Capitalized Interest (Est.)	\$ 166,385
Issuer (URA) Fee (at 1%)	\$ 22,185
TIF Counsel Fee	\$ 13,000
HUD Insurance Fee	\$ 20,000
Trustee Fee	\$ 1,000
Basic Conditions Report	\$ 8,000
Impact Analysis Report	\$ 7,500
Projected Net Proceeds Available for Project	\$ 1,980,395

EAST LIBERTY GATEWAY TAX INCREMENT FINANCING PLAN

TAX INCREMENT BASE

Millage Rates	
City Tax	0.01080
County Tax	0.00469
School District Tax	0.01392

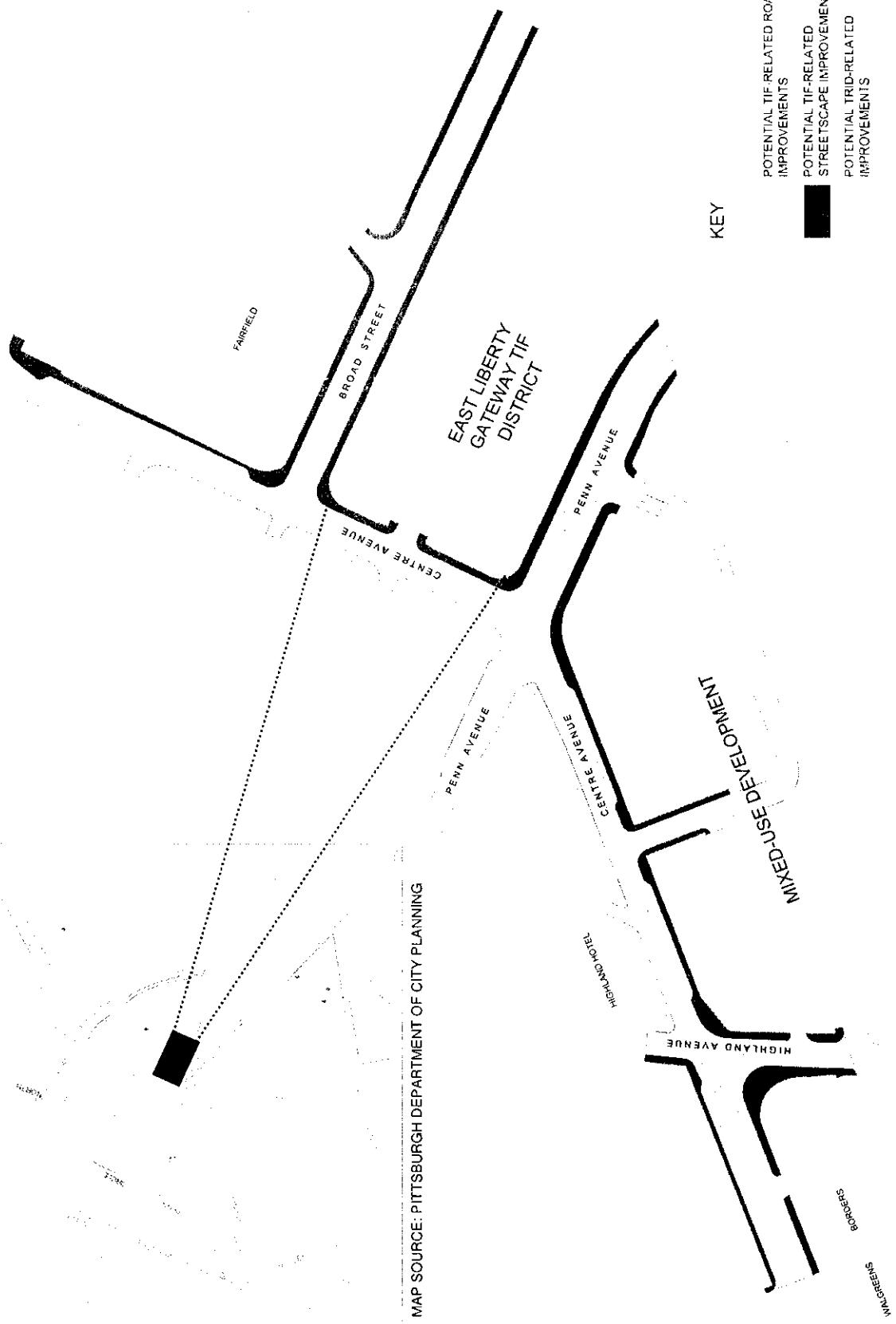
2007 Assessment		
Lot Block	2007 Assessed Values	Owner
84-C-220	\$984,500	Penn Manor Limited Partnership
84-C-100	\$139,000	Eastside Limited Partnership V
84-C-200	\$468,600	Malcolm Samakow

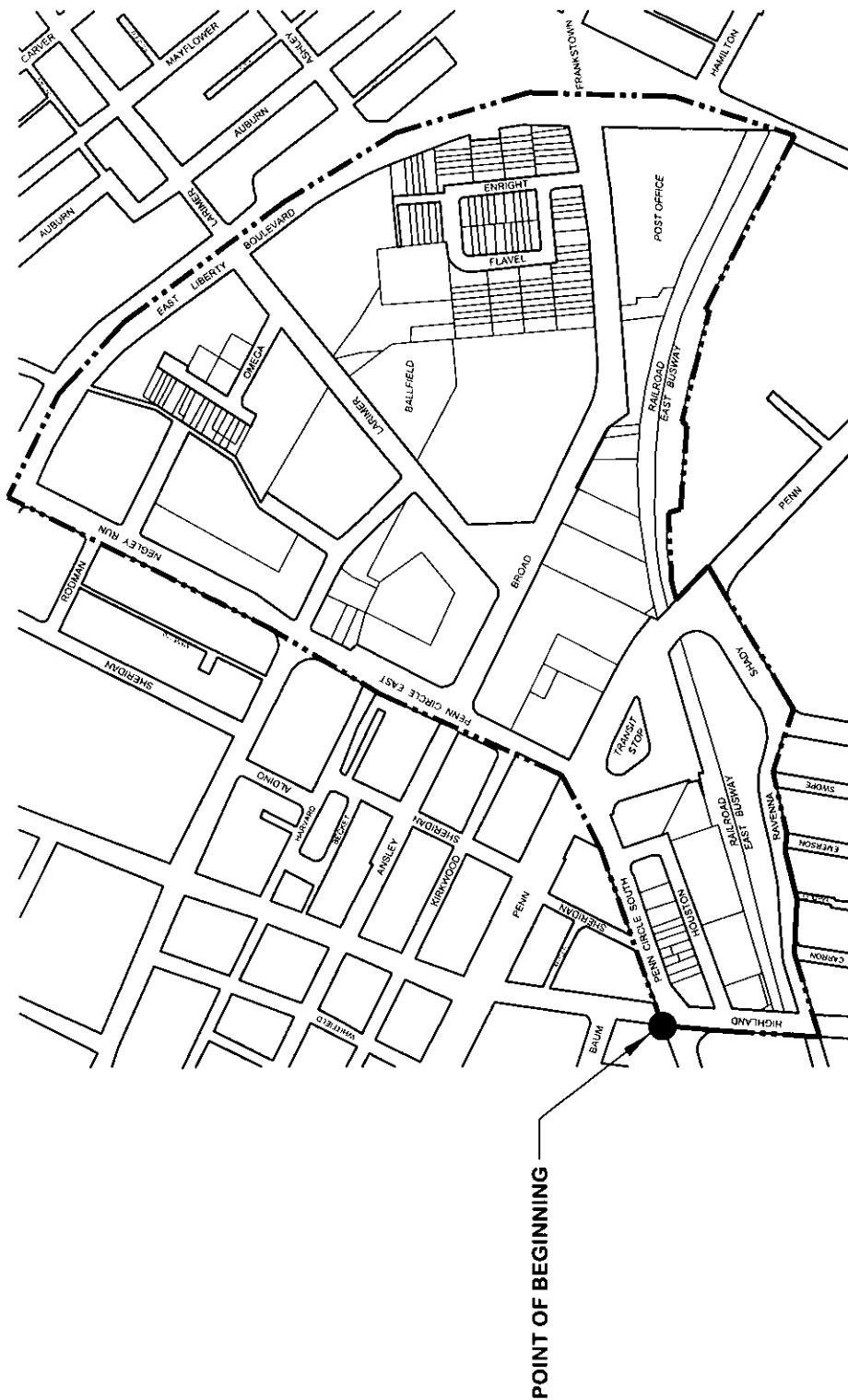
TOTAL **\$1,592,100**

**Preliminary Probable Costs
for East Liberty Gateway
TIF Infrastructure Project
City of Pittsburgh
Allegheny County, Pennsylvania**

A. Base 2-Way Conversion	
Construction Total	\$3,250,000
B. Penn / Penn Circle East / Broad Infrastructure	
Construction Total	\$850,000
C. Penn / Penn Circle East / Broad Public Space Improvements	
Construction Total	\$850,000
D. Penn / Center / Highland (southern side) Lighting & Landscaping	
Construction Total	\$300,000
F. Port Authority Infrastructure Adjustments	
Construction Total	\$1,250,000
G. Coordination, Design & Engineering	
Non-Construction Total	<u>\$500,000</u>
Total Probable Cost	\$7,000,000

TRID CAPTURE AREA





Map Legend

Project Boundary

Urban Design Ventures, LLC
Community Planning & Development Consultants



Urban Design Ventures, LLC, 212 East 7th Avenue, Homestead, PA 15120



**East Liberty - Gateway Study Area
East Liberty Neighborhood, City of Pittsburgh
Project Boundary - Map No. 1**

Prepared For: The Urban Redevelopment Authority of Pittsburgh

**ECONOMIC IMPACT ANALYSIS
PROPOSED RETAIL DEVELOPMENT**

East Liberty Target Project
Penn Avenue, Collins and Broad Streets
City of Pittsburgh
Allegheny County, Pennsylvania

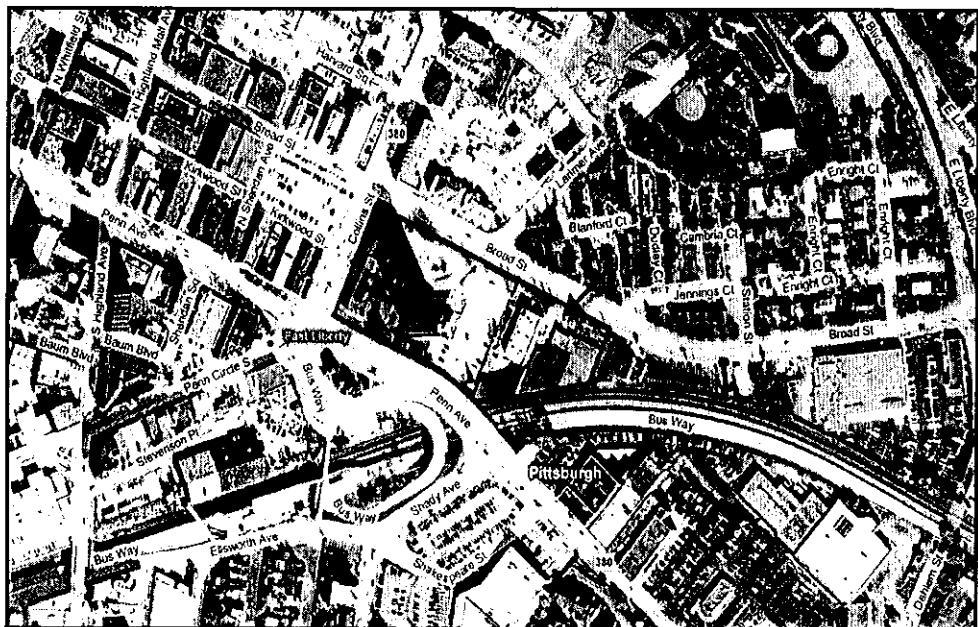
PREPARED FOR:

Mr. Angelo Taranto
Assistant Director, Development
Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

EFFECTIVE DATE OF THE REPORT:

December 30, 2008

INTEGRA REALTY RESOURCES - PITTSBURGH
File Number: 133-2008-0540



**East Liberty Target Project
Penn Avenue, Collins and Broad Streets
Allegheny County, Pennsylvania**

December 30, 2008

Mr. Angelo Taranto
Assistant Director, Development
Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

Re: **Proposed East Liberty Target Project –Retail Economic Impact Study**
Penn Avenue, Collins and Broad Avenues
City of Pittsburgh
Allegheny County, Pennsylvania

Dear Mr. Taranto:

In response to your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us complete a study of the financial and employment impacts of the proposed Target retail store on 4.75 acres of land in the City of Pittsburgh, Allegheny County, Pennsylvania. The effective date of this study is December 30, 2008.

The site is approximately 4.75 acres and is currently improved with a vacant high-rise apartment building and several small commercial buildings; however, the existing structures will be demolished and the site re-developed with a Target discount department store. The site is an assemblage of four lots. According to an article in *The Pittsburgh Times*, “the store, which is expected to be complete within a year and a half, is seeking a silver rating from the U.S. Green Building Council’s Leadership in Energy and Environmental Design certification program.”

This report addresses the economic impact of the development of the Target retail on local, regional, and state economies. The cost to construct the development is approximately \$36.9 million, inclusive of demolition costs and site development and remediation costs, but excluding acquisition and relocation costs. The store will be approximately 154,000 square feet and will be built over a 460± space parking garage. The parking garage will likewise cover approximately 154,000 square feet. Preparing the site, including site remediation, is estimated to cost \$5.3 million. Constructing the structure, including finishing the store, is estimated to cost \$31.6 million.

Construction is expected to start in January 2010 with occupancy projected by July 2011.

Mr. Angelo Taranto
Urban Redevelopment Authority of Pittsburgh
December 30, 2008

A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District. The TIF amount is estimated to be \$2 million and is planned, along with other public funding, to improve the public infrastructure along Penn Avenue and to reconfigure the bus way.

The purpose of this consulting assignment is to estimate the financial and employment impacts of the proposed development. The intended use of the report is for a proposed Tax Increment Financing transaction. The impact study and report will be prepared in a Complete Summary format in conformance with and subject to the Standards of Professional Practice and Code of Ethics of the Appraisal Institute and *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation.

The scope of the assignment is outlined as follows:

- Include a gross and net impact from construction as well as from the permanent development of the Target store.
- Show the net impact on taxes resulting from the Target store development, after diversion of pledged real estate tax increment at the ratio of 75% for 20 years.
- Include a narrative portion that addresses the competitiveness of the retail development explaining its impact, positive or negative, on the businesses in the neighborhood. It will also include a discussion of the development in the context of East Liberty's redevelopment and its impact on nearby businesses and business districts in East Liberty, Shadyside, and Bloomfield.

The following report is intended for use only by the client; no other intended users have been identified, and use of the report by others is not intended by the consultant.

This report is subject to the following extraordinary assumption:

1. The building plans have not been finalized. The store size and parking garage was provided by the developer, the Mosites Company. Development cost estimates were provided by the developer and are recognized as estimates.
2. A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District.

The report is not subject to any hypothetical conditions.

Key Findings and Conclusions

- The subject neighborhood is positively influenced by the adjoining neighborhood of Shadyside, as well as by the nearby Oakland area, the site of numerous colleges, universities, hospitals, and institutions. The subject is conveniently located in close proximity to an abundance of educational institutions and other medical facilities. The neighborhood is a densely populated urban area that is nearly completely developed. While the demographics indicate an average income area, recent development activity indicates that new commercial construction is feasible if done correctly.
- The primary characteristics of the site that create value include visibility, access, and the large number of households in the immediate area.
- The subject site will be improved with a Target department store. It will be approximately 154,000 square feet and will be built above a 460+ space parking garage. The parking garage will likewise be approximately 154,000 square feet.
- The cost to construct the development is approximately \$36.9 million, inclusive of demolition costs and site development and remediation costs, but excluding site acquisition and relocation.
- A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District. The \$2 million TIF is planned, along with other public funds, to improve the public infrastructure along Penn Avenue and to reconfigure the bus way.
- The subject neighborhood is not served by a department store. The nearest intervening department store shopping opportunities are at The Waterfront which includes a “town center community” that includes retail, restaurants, office, flex office/warehouse, apartments, hotel and recreation uses totaling over 1.7 million square feet, exclusive of the apartments and the hotel, approximately five miles south of the subject site.
- Overall, the proposed Target store will have the following impact on the existing East Liberty neighborhood and the surrounding areas of Shadyside and Bloomfield.
 - Target should enhance the East End neighborhoods as a regional retail node.
 - The existing East End neighborhoods are currently underserved relative to department store type goods. For over three decades this role was served by Sears; however currently Target, not Sears, is the favored department store nationally.
 - Current retail along Penn Avenue in East Liberty includes service-oriented businesses, government social service offices, beauty and nail salons, and other local retailers. These retailers do not provide the same retail goods as Target. As such, the effect on existing retailers in the East Liberty area is expected to be minimal.

- The subject's Target store will attract different retail dollars rather than compete with the upscale retailers along Walnut Street in Shadyside.
- Existing retail along Penn Avenue and Liberty Avenue in Bloomfield is similar to that along Penn Avenue in the subject neighborhood. It consists of service-oriented businesses, government social service offices, antiques and second-hand shops, and other local service providers. The subject is not expected to compete with these existing retailers or to detract retail sales from these retailers.
- While there may be a small amount of overlap with existing retail uses, the Target store will have an overall positive impact on the market area, generating more overall traffic for all retailers and providing a more convenient shopping experience for local residents.
- Construction of the Target store is expected to create 96 direct on-site jobs annually with an annual payroll of approximately \$4.9 million. These direct jobs will create approximately 36 indirect, or spin-off, jobs off-site. These indirect jobs will have an aggregate payroll of more than \$1.7 million annually.
- Material purchases resulting from construction of the subject development will total more than \$7.5 million in the Pittsburgh region each year during the 18-month construction period. Direct consumer expenditures will total \$4.1 million.
- The related annual fiscal impact of construction will be approximately \$960,000 in tax revenue to the state, county, City of Pittsburgh, and City of Pittsburgh school district. This includes \$233,000 in income tax from construction workers, \$27,000 of employer payroll tax to the city, \$383,000 in sales tax of materials purchases made in Pennsylvania, \$182,000 in indirect or spin-off sales tax revenue made by construction workers in the state, \$126,000 in building permit fees, and \$5,000 in Local Services tax (LST).
- Annually during construction, Pennsylvania will receive \$701,000 in tax revenue. Allegheny County will receive approximately \$67,000 in tax revenue, excluding real estate taxes. The City of Pittsburgh will receive approximately \$173,000 in non-real estate tax revenue and the school district will receive approximately \$15,000 in annual non-real estate tax revenues.
- Once the Target store is completed and open for business, it will employ approximately 115 Full-Time Equivalent (FTE) employees on-site and create 19 new indirect off-site jobs. The total aggregate annual payroll is approximately \$3.8 million annually. Employee wages will generate \$2.4 million in annual consumer expenditures. Approximately \$1.4 million will be generated in other direct retail sales off-site.
- The related annual fiscal impact from operations and sales at the subject results in nearly \$1.6 million in tax revenue to Pennsylvania, Allegheny County, the City of Pittsburgh, and school district. This includes nearly \$173,000 in income tax revenue

Mr. Angelo Taranto
 Urban Redevelopment Authority of Pittsburgh
 December 30, 2008

from the retail employees, \$16,000 in employer payroll taxes, \$338,000 in real estate tax revenue (undiscounted), \$107,000 in indirect sales tax revenue, \$6,000 in local service tax revenue, and nearly \$943,000 in sales tax resulting from the store's retail sales.

- A portion of the real estate tax dollars collected will be diverted and pledged to the TIF financing for a period of 20 years. The remaining real estate tax revenue will be paid to the taxing jurisdictions. Net of the pledged real estate tax revenue, the total annual fiscal impact to the state, county, city, and school district is approximately \$1.3 million.
- The annual fiscal impacts during construction and annual impact upon completion of construction are summarized in the following tables.

Annual Fiscal Impacts - Construction Period					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax	\$203,209	N / A	\$14,893	\$14,893	\$232,995
Employer Payroll Tax	N / A	N / A	\$27,159	N / A	\$27,159
Local Service Tax	N / A	N / A	\$4,982	N / A	\$4,982
Real Property Tax	N / A	N / A	N / A	N / A	N / A
Direct Sales Tax	\$337,662	\$45,022	N / A	N / A	\$382,683
Indirect Sales Tax	\$160,591	\$21,494	N / A	N / A	\$182,085
Building Permit Fees (1/)	N / A	N / A	\$126,280	N / A	\$126,280
Total	\$701,462	\$66,515	\$173,314	\$14,893	\$956,184

(1/) Assumes all building permit fees are paid in the first 12 months.

Annual Fiscal Impacts - Annual Operations at Build Out					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax	\$87,387	N / A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N / A	N / A	\$15,656	N / A	\$15,656
Local Service Tax	N / A	N / A	\$5,980	N / A	\$5,980
Real Property Tax	N / A	\$53,935	\$124,200	\$160,080	\$338,215
Indirect Sales Tax	\$94,095	\$12,644	N / A	N / A	\$106,739
Sales Tax	\$808,500	\$134,750	N / A	N / A	\$943,250
Total	\$989,982	\$201,329	\$188,533	\$202,777	\$1,582,621

Annual Fiscal Impacts - Annual Operations at Build Out, Net of Pledged Real Estate Tax					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax Revenue	\$87,387	N / A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N / A	N / A	\$15,656	N / A	\$15,656
Local Service Tax	N / A	N / A	\$5,980	N / A	\$5,980
Real Property Tax Revenue	N / A	\$13,484	\$31,050	\$40,020	\$84,554
Indirect Sales Tax (off-site) Revenue	\$94,095	\$12,644	N / A	N / A	\$106,739
Sales Tax	\$808,500	\$134,750	N / A	N / A	\$943,250
Total	\$989,982	\$160,878	\$95,383	\$82,717	\$1,328,960

Overall, the proposed development will have a significant positive economic impact on the local, regional and state economies as a result of the various taxes collected and consumer

Mr. Angelo Taranto
Urban Redevelopment Authority of Pittsburgh
December 30, 2008

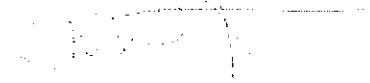
expenditures which will benefit local, regional, and state businesses.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - PITTSBURGH

Respectfully submitted,


Paul D. Griffith, MAI
Certified General Appraiser
PA Certificate #GA-000261-L


Michele L. Allerton
Certified General Appraiser
PA Certificate #GA-003405

MEMORANDUM

OFFICE OF THE COUNTY MANAGER

TO: John Mascio
Chief Clerk
D. Usher Jr.
FROM: James M. Flynn, Jr.
County Manager

DATE: January 29, 2009

RE: Proposed Resolution

ALLEGHENY COUNTY COUNCIL

09 JAN 29 AM11:26

Attached is a Resolution adopting the East Liberty Gateway Tax Increment Financing Plan presented by the Urban Redevelopment Authority of Pittsburgh and authorizing related agreements.

The Allegheny County Law Department has reviewed this legislation prior to submitting it to Council.

I am requesting that this item be placed on the agenda at the next Regular Meeting of Council.

**ECONOMIC IMPACT ANALYSIS
PROPOSED RETAIL DEVELOPMENT**

East Liberty Target Project
Penn Avenue, Collins and Broad Streets
City of Pittsburgh
Allegheny County, Pennsylvania

PREPARED FOR:

Mr. Angelo Taranto
Assistant Director, Development
Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

EFFECTIVE DATE OF THE REPORT:
December 30, 2008

INTEGRA REALTY RESOURCES - PITTSBURGH
File Number: 133-2008-0540



**East Liberty Target Project
Penn Avenue, Collins and Broad Streets
Allegheny County, Pennsylvania**

December 30, 2008

Mr. Angelo Taranto
Assistant Director, Development
Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

Re: **Proposed East Liberty Target Project –Retail Economic Impact Study**
Penn Avenue, Collins and Broad Avenues
City of Pittsburgh
Allegheny County, Pennsylvania

Dear Mr. Taranto:

In response to your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us complete a study of the financial and employment impacts of the proposed Target retail store on 4.75 acres of land in the City of Pittsburgh, Allegheny County, Pennsylvania. The effective date of this study is December 30, 2008.

The site is approximately 4.75 acres and is currently improved with a vacant high-rise apartment building and several small commercial buildings; however, the existing structures will be demolished and the site re-developed with a Target discount department store. The site is an assemblage of four lots. According to an article in *The Pittsburgh Times*, “the store, which is expected to be complete within a year and a half, is seeking a silver rating from the U.S. Green Building Council’s Leadership in Energy and Environmental Design certification program.”

This report addresses the economic impact of the development of the Target retail on local, regional, and state economies. The cost to construct the development is approximately \$36.9 million, inclusive of demolition costs and site development and remediation costs, but excluding acquisition and relocation costs. The store will be approximately 154,000 square feet and will be built over a 460± space parking garage. The parking garage will likewise cover approximately 154,000 square feet. Preparing the site, including site remediation, is estimated to cost \$5.3 million. Constructing the structure, including finishing the store, is estimated to cost \$31.6 million.

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Mr. Angelo Taranto
Urban Redevelopment Authority of Pittsburgh
December 30, 2008

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Mr. Angelo Taranto
Urban Redevelopment Authority of Pittsburgh
December 30, 2008

Key Findings and Conclusions

- The subject neighborhood is positively influenced by the adjoining neighborhood of Shadyside, as well as by the nearby Oakland area, the site of numerous colleges, universities, hospitals, and institutions. The subject is conveniently located in close proximity to an abundance of educational institutions and other medical facilities. The neighborhood is a densely populated urban area that is nearly completely developed. While the demographics indicate an average income area, recent development activity indicates that new commercial construction is feasible if done correctly.
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Urban Redevelopment Authority of Pittsburgh
December 30, 2008

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Total	\$989,982	\$201,329	\$188,533	\$202,777	\$1,582,621

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Mr. Angelo Taranto
Urban Redevelopment Authority of Pittsburgh
December 30, 2008

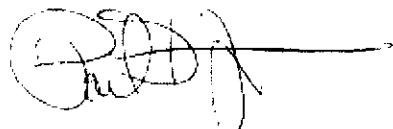
expenditures which will benefit local, regional, and state businesses.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

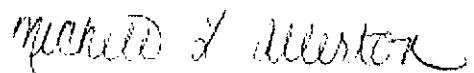
Respectfully submitted,

INTEGRA REALTY RESOURCES - PITTSBURGH

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P.D. Griffith".

Paul D. Griffith, MAI
Certified General Appraiser
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A handwritten signature in black ink, appearing to read "Michele L. Allerton".

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EXECUTIVE SUMMARY

IDENTIFICATION OF CONSULTING PROBLEM

The site is approximately 4.75 acres and is currently improved with a vacant high-rise apartment building and several small commercial buildings; however, the existing structures will be demolished and the site re-developed with a Target discount department store. The site is an assemblage of four lots.

The cost to construct the development is approximately \$36.9 million, inclusive of demolition costs and site development and remediation costs. The store will be approximately 154,000 square feet and will be constructed above a 460+ space parking garage. The parking garage will likewise be approximately 154,000 square feet.

A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District. The \$2 million TIF is planned, along with other public funds, to improve the public infrastructure along Penn Avenue and to reconfigure the bus way.

This report addresses the economic impact of the development of the Target retail on local, regional, and state economies. The report also addresses the competitiveness of the Eastside V retail development addressing its impact, positive or negative, on the businesses in the neighborhood. It will also include a discussion of Eastside V in the context of East Liberty's redevelopment and its impact on nearby businesses and business districts in East Liberty, Shadyside, and Bloomfield.

Overall, the proposed Target store will have the following impact on the existing East Liberty neighborhood and the surrounding areas of Shadyside and Bloomfield.

- Target should enhance the East End neighborhoods as a regional retail node.
- The existing East End neighborhoods are currently underserved relative to department store type goods. For over three decades this role was served by Sears; however currently Target, not Sears, is the favored department store nationally.
- Current retail along Penn Avenue in East Liberty includes service-oriented businesses, government social service offices, beauty and nail salons, and other local retailers. These retailers do not provide the same retail goods as Target. As such, the effect on existing retailers in the East Liberty area is expected to be minimal.
- The subject's Target store will attract different retail dollars rather than compete with the upscale retailers along Walnut Street in Shadyside.
- Existing retail along Penn Avenue and Liberty Avenue in Bloomfield is similar to that along Penn Avenue in the subject neighborhood. It consists of service-oriented businesses, government social service offices, antiques and second-hand shops, and other local service providers. The subject is not expected to

compete with these existing retailers or to detract retail sales from these retailers.

- While there may be a small amount of overlap with existing retail uses, the Target store will have an overall positive impact on the market area, generating more overall traffic for all retailers and providing a more convenient shopping experience for local residents.

IDENTIFICATION OF CONSULTANT

CONSULTANT

Paul D. Griffith, MAI, Managing Director of Integra Pittsburgh, has been engaged to provide a consulting service for the identified client. The consultant has been developed with the direct assistance of Michele L. Allerton. Reference to "consultant" in this report refers collectively to the individual consultants who have signed the Transmittal Letter and Certification of this report.

COMPETENCY STATEMENT

The consultants have the knowledge and experience to complete the consulting assignment. We have developed economic impact and market studies of other properties similar to the subject property, we have performed the necessary analysis of the subject's competitive market area, and we have prepared reports similar to this report. Our knowledge of the competitive market has been updated by our inspection of the subject property and market area and research and analysis of relevant market data and trends. We have reviewed the economic impact methodologies that are both appropriate for and consistent with the scope of work required to complete the assignment.

INTENDED USERS OF THE REPORT

The consultants' client is the Urban Redevelopment Authority of Pittsburgh. This report is intended for use only by the client; use of the report by others is not intended by the appraiser.

PURPOSE AND INTENDED USE OF THE FINANCIAL AND ECONOMIC IMPACT STUDY

The purpose of this report is to address the economic impact of the development of the Target retail on local, regional, and state economies. The report also addresses the competitiveness of the Eastside V retail development explaining its impact, positive or negative, on the businesses in the neighborhood. It will also include a discussion of Eastside V in the context of East Liberty's redevelopment and its impact on nearby businesses and business districts in East Liberty, Shadyside, and Bloomfield.

In developing this study, we apply the following procedures:

- Review with the developer the property design and estimated costs.

- Research and analyze the competitiveness of the subject development and its impact on the businesses in the neighborhood.
- Determine the economic and fiscal impacts to the Commonwealth of Pennsylvania, county, municipality and the school district based on studies and surveys prepared by the U.S. Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis. The economic impact during the construction period and annual operations thereafter, is based on the estimated number of direct and indirect FTE, estimated payroll, materials purchased, both regionally and out of region, and resulting consumer expenditures. These estimates are the basis for the annual fiscal impacts on the taxing bodies including, but not limited to, income tax, LST tax, direct and indirect sales tax, and building permit fees.
- Consider other impacts which cannot be measured quantitatively, such as enhancing the neighborhood vitality or fulfilling a niche in the marketplace, are discussed.

SCOPE OF WORK

The scope of work refers to the amount and type of information researched and the analysis performed to complete the assignment. In developing this impact study and preparing this report, the analysts have completed the following procedures.

- We have inspected the subject property and the surrounding neighborhood at various times in 2008. The analysis of the site included an identification of the access, topography, shape, and overall utility.
- Include a gross and net impacts on various taxes to be collected by the Commonwealth, county, City of Pittsburgh, and school district collected during construction as well as from the permanent development of the Target store.
- Show the net impact of the Target store development after diversion of pledged real estate tax increment at the ratio of 75% for 20 years.
- Include a narrative portion that addresses the competitiveness of the Eastside V retail development explaining its impact, positive or negative, on the businesses in the neighborhood. It will also include an explanation that discusses Eastside V in the context of East Liberty's redevelopment and its impact on nearby businesses and business districts in East Liberty, Shadyside, and Bloomfield.

ASSUMPTIONS AND LIMITING CONDITIONS

GENERAL ASSUMPTIONS

This study is subject to the following general assumptions.

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable.
2. The property is analyzed free and clear of any or all liens and encumbrances.
3. Responsible ownership and competent property management are assumed.
4. Information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Plot plans, sketches, maps, and exhibits in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless a noncompliance has been stated, defined, and considered in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this report.
9. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusions in this report are based.
10. It is assumed that the utilization of the land and improvements, if any, are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
11. It is assumed that proposed improvements, if any, will be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

GENERAL LIMITING CONDITIONS

This study is subject to the following general limiting conditions.

1. The consultants are not qualified to detect hazardous waste and/or toxic materials. The consultants' descriptions and resulting comments are the result of routine observations made during the study process. Any comment in this study that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The conclusions are predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
2. Unless otherwise stated in this report, the subject property is analyzed without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act (ADA), which went into effect on January 26, 1992. The presence of architectural and communication barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
3. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the intended users identified in this report without the prior written consent of the consultants, and in any event, only with proper written qualification and only in its entirety.
4. Disclosure of the contents of this report is governed by the By-Laws and Regulations of The Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultants, or the firm with which they are connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without the prior written consent and approval of the consultants.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

Extraordinary assumptions and limiting conditions are those directly related to a specific assignment, which, if found to be false, could alter the consultant's opinions and/or conclusions. This economic impact study is subject to the following extraordinary assumptions and limiting conditions.

- The building plans have not been finalized. The store size and parking garage was provided by the developer, the Mosites Company. Development cost estimates were provided by the developer and are recognized as estimates.
- A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District.

HYPOTHETICAL CONDITIONS

Hypothetical conditions are those conditions that are contrary to what exists but are supposed for the purpose of analysis. This study is not subject to any hypothetical conditions.

DESCRIPTION OF THE PROPOSED IMPROVEMENTS

The site is approximately 4.75 acres and is currently improved with a vacant high-rise apartment building and several small commercial buildings; however, the existing structures will be demolished and the site re-developed with a free-standing Target discount department store. The site is an assemblage of four lots. According to an article in The Pittsburgh Times, "the store, which is expected to be complete within a year and a half, is seeking a silver rating from the U.S. Green Building Council's Leadership in Energy and Environmental Design certification program."

The cost to construct the development is approximately \$36.9 million, inclusive of demolition costs and site development and remediation costs, but excluding acquisition and relocation cost. The store will be approximately 154,000 square feet and will be elevated atop a 460+ space parking garage. The parking garage will likewise be approximately 154,000 square feet. Preparing the site, including site remediation, is estimated to cost \$5.3 million. Constructing the structure, including finishing the store, is estimated to cost \$31.6 million.

Groundbreaking is scheduled to take place in January 2010. Construction is anticipated to take 18 months with completion by July 2011.

A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District. The \$2 million TIF is planned, along with other public funds, to improve the public infrastructure along Penn Avenue and to reconfigure the bus way.

Target is a discount department store that is typically the dominant tenant in its market area. It operates large format general merchandise (apparel, accessories, home accessories, electronics, etc...), pharmacy, and food discount stores in the United States. Target-owned brands include an organic food line, apparel, pharmacy products, and commodities. This type of retailer is typically located in power centers or hybrid centers, but the subject will be a free-standing building which will be constructed above a street level parking garage. Target competes with national and local department, specialty, off-price, discount, supermarket and drug store chains, independent retail stores and internet businesses that sell similar lines of merchandise. Target opened its first store in 1962 and had 1,571 stores as of February 2008.

NEIGHBORHOOD LOCATION

A neighborhood is defined as a group of complementary uses; a congruous grouping of inhabitants, buildings, or business enterprises. Analysis of a neighborhood includes the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may enhance or detract from property values.

MARKET AREA MAP



BOUNDARIES

The subject is located along Penn Avenue in a section of the City of Pittsburgh known as East Liberty. It is within the 11th Ward of the City of Pittsburgh. Geographically, the East Liberty, Shadyside, and Point Breeze sections of the city are located in the east-central portion of Pittsburgh. East Liberty itself is bordered to the north by Highland Park and Stanton Heights; to the east by Belmar, and Brushton; to the south by Point Breeze and Shadyside and to the west by Bloomfield and Schenley Heights.

ACCESS

The area is served by an adequate arterial and secondary road network. Creating the southern boundary of East Liberty is Penn Avenue on which the subject is located and which connects the area with I-376. The Parkway East, I-376, provides access to the interstate highway system. The Parkway runs from the Monroeville interchange of the Pennsylvania Turnpike (I-76), six miles to the east of the subject property, through Pittsburgh's CBD, west eight miles to the I-79 interchange and continues to the Pittsburgh International Airport (PIA), approximately 20 miles west of the subject. The primary north-south roads in the immediate area are Washington Boulevard (Route 8), which intersects with Route 28 after crossing the Allegheny River and Allegheny River Boulevard, an east/west roadway that travels along the Allegheny River and connects to Routes 8 and 28.

The main service roads in the municipality are Baum Boulevard, which travels in a general northeast/southwest direction and provides vital access to Oakland and continues to downtown Pittsburgh, and Centre Avenue, which parallels Baum Boulevard and also provides connections to surrounding highways and communities. Baum Boulevard and Center Avenue create the Baum-Center commercial corridor which has been the focus of rapid redevelopment. The other principal arteries include Penn and Fifth Avenues and Bigelow Boulevard.

TRANSPORTATION

Public transportation is provided by The Port Authority of Allegheny County, which maintains an extensive bus service through the area. The mainstay of this service is the East Busway which borders the subject to the south.

LAND USE

The neighborhood is favorably influenced by the Shadyside and Oakland areas. Together, these areas offer excellent educational, cultural, and employment opportunities, along with the greatest concentration of medical facilities in southwestern Pennsylvania.

Most of the area has been improved with a combination of various types of residential, commercial, industrial, and institutional properties. There are few unimproved properties in the area. Most new development is a result of the razing of older buildings for the development of larger improvements.

Residential improvements include single-family homes, row houses, and high-rise apartments. Commercial development is concentrated along the major traffic arteries, most notably, Centre Avenue, Baum Boulevard, Penn Avenue, and Liberty Avenue. These developments include small office buildings, auto repair and service centers, fast-food restaurants, free-standing single-tenant retail and restaurant buildings.

Educational institutions include the University of Pittsburgh, Carnegie Mellon University, Chatham College, Carlow College, and the Winchester-Thurston School. Hospitals include West Penn, UPMC Presbyterian, Children's Hospital, UPMC Montefiore, Eye and Ear Institute, Magee-Women's Hospital, UPMC Shadyside, the Veteran's Administration, and Western Psychiatric Institute and Clinic. There are also numerous other health-related activities located in Oakland, including the Central Blood Bank of Pittsburgh, the Falk Clinic and the Matilda H. Theiss Health Center. These institutions, together with individual physicians, dental offices, medical laboratories, and supporting supply companies, form the medical component of the community.

The cultural center of the area is the Carnegie Institute, which contains an internationally recognized art museum, the Carnegie Library and Music Hall, and the Museum of Natural History. The Frick Fine Arts Museum, Soldiers and Sailors Memorial Hall, Pittsburgh Playhouse, and Phipps Conservatory are also located in the Oakland area. Major recreational facilities are available in Schenley Park and Frick Park, and the nearby Mellon Park is the home of the Pittsburgh Center for the Arts and the Pittsburgh Civic Garden.

The following descriptions further delineate and describe the different corridors making up the subject neighborhood.

Baum Boulevard and Centre Avenue from North Craig Street to Liberty Avenue

This corridor is dominated by the UPMC Shadyside Hospital and the recently completed Hillman Cancer Center. Developments along Center Avenue consist mostly of high-rise apartment buildings, the hospital with ancillary and medical office buildings and some single-family residences. A Courtyard by Marriott was recently completed at the northwest corner of Liberty Avenue and Centre Avenue. Baum Boulevard is one block north of Centre Avenue. Improvements along this corridor include a mix of fast food restaurants, free-standing restaurants, automobile sales and repair buildings, and parking lots for the hospital. There are few convenience and comparable goods and services businesses within this area. North of the improvements on Baum Boulevard are single-family homes, vintage 1930.

Liberty Avenue from the Bloomfield Bridge to Baum Boulevard

This corridor, extending approximately 12 blocks, is dominated by West Penn Hospital located along the north side of Liberty Avenue. This corridor abuts the subject corridor to the north. From the Bloomfield Bridge to Gross Street, improvements include a mix of traditional urban 2- and 3-story storefront buildings with upper floor offices or apartments. Commercial uses include convenience and service retailers, including, but not limited to, restaurants, accounting services, shoe repair shops, medical offices, barber shops, florists, news stands, bakeries, shoe stores, banks, and other local retailers. Most of the retailers are local retailers. There are few vacant storefronts in this corridor, indicating strong demand.

Southeast of Gross Street, improvements include free-standing offices, retailers, and automobile dealerships.

East Liberty Area

The subject functions as part of the East Liberty Area, just north of the Baum/Centre Corridor. Urban revitalization is the predominant impression of real estate activity in this corridor. Stimulated by the opening of the Home Depot in 2000 and Whole Foods in 2002, this area has become attractive to developers in the past several years. The recent retail developments here have expanded the trade area for this neighborhood as more consumers are commuting to the area from outside the region. Adjacent to the Whole Foods store, an assemblage of five parcels was created for the Eastside development. The first phase of the Eastside development involved the Whole Foods Store. Recently, Phase II of the project was opened. This phase includes an 85,000-square foot, three-story multi-building development which includes retail and office space, as well as a multi-deck parking structure with approximately 227 spaces. Tenants for the project are Walgreen's, Borders Books, Office Depot, PLCB, Starbucks, and a PNC Branch Bank. Phases III and IV have been discussed to include retail and office, but has not been finalized. Phase V of this development is the subject (Target). New commercial and residential development is expected to continue over the next decade.

Other Areas

There are two other areas worthy of comment. The Penn Avenue corridor surrounding the former St. Francis Hospital is improved with improvements similar to the buildings on Liberty Avenue. However, with the closing of the hospital in 2002, increased storefront vacancy was obvious upon inspection. In our opinion, the vacancy is greatly attributable to the closing of that demand generator. There is however, new construction here, namely the new Children's Hospital on the site of the former St. Francis Hospital at the corner of 45th and Penn and the new "Children's Home" is currently under construction at the corner of South Aiken and Penn.

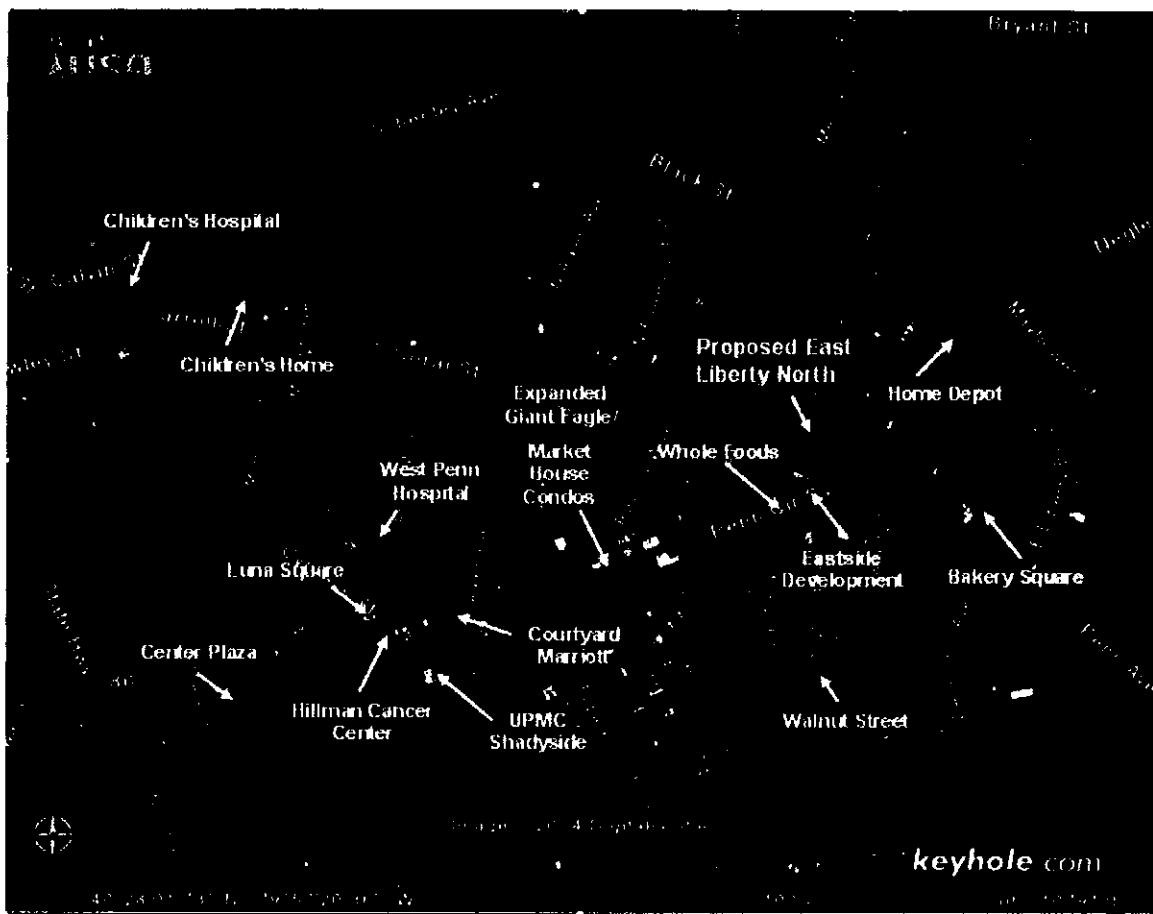
The Walnut Street corridor in Shadyside is another influencing corridor. This area is currently in a renovation stage that includes up-scale national retailers intermixed with local shops. Many of the new developments are a result of the demolition of older buildings. This corridor is located little more than 0.25 mile south of the subject. The boundary between Shadyside and East Liberty is being blurred with each new East Liberty development.

DEVELOPMENT ACTIVITY

During the last five years, the area has experienced a significant increase in new development.

- **Trader Joe's** - The most recent new retail development is Trader Joe's, a national boutique specialty grocery store. The 10,500 square foot store is a redevelopment of the old Wheeler Paint Store at 6343 Penn Avenue. Trader Joe's is a California-based grocery chain known for reasonably priced gourmet foods and a quirky ambience that loyal customers embrace with cult-like devotion. Currently, the chain has more than 250 stores in more than 20 states. This location is the company's first in the Pittsburgh region. The fact that a strong chain such as Trader Joe's has selected the subject neighborhood over many that were available in the region, bodes well for the future success of the East Liberty Market and the subject development.
- **Eastside I, II, III, IV, and V** – previously discussed, includes Whole Foods (Phase I), 85,000-square feet of retail and office along with a 227-space parking deck (Phase II), Phases III and IV are still being discussed, and the subject's Target store (Phase V).
- **Bakery Square**, located less than 0.5 mile from the subject along Penn Avenue. As proposed, Bakery Square will include nearly 72,000 square feet of new first floor retail space and 43,000 square feet of renovated first floor retail space within approximately 23 street-level retail suites. A gym is anticipated to occupy 41,550 square feet of second floor retail space. Two other retail tenants (including a 9,261 square foot hair salon) will occupy an additional 13,470 square feet on the second floor. Other tenants reportedly include Anthropologie, Houlihans, West Elm, the Container Store, Starbucks, and Ann Taylor.
- **Centre Plaza** - A 13,270 square foot retail center has been recently completed. The development, located at the corner of Centre Avenue and Millvale, is 80% leased by Qdoba, Aspen Dental, Supercuts, Papa Johns, and Penn Station Subs.
- **Giant Eagle Expansion** - On Centre Avenue at South Negley Avenue, the existing 24,000-square foot Giant Eagle has recently expanded by 26,800 square feet to a total of 50,800 square feet.
- **Market House Condominiums** - ECHO Real Estate Services Company, Giant Eagle's real estate arm, completed a five-story, 54-unit condominium building above the supermarket expansion space known as Market House. In addition, a two level parking structure was constructed below the expansion area to accommodate the parking needs at the store as well as the condominiums.
- **East Liberty Station** has been updated with a new façade. The former anchor of this center, Shop 'n Save, has been replaced by Staples, DSW, and Tuesday Morning. Several in-line spaces have also been re-tenanted.

- **Hillman Cancer Center** - Completed in 2002, the \$104 million Hillman Cancer Center provides a highly visible home for the University of Pittsburgh Cancer Institute on a two-acre campus adjacent to UPMC Shadyside. The Hillman Cancer Center and nearby administrative offices will provide nearly 450,000 square feet of space to house UPCI's pioneering programs in cancer care, research, detection, diagnosis, education, prevention, and community outreach. The three-level, approximately 180,000-square foot Research Pavilion will more than double currently available research space. UPMC is seeking \$100 million from the state's Legacy Fund and will reportedly match that money to build a second Cancer Center on Baum Boulevard. The new center would contain 200,000 square feet and employ about 400 researchers with an average salary of \$60,000 per year.
- **East Liberty Place North** is a proposed mixed use development at 5801 Penn Avenue with 54 rental apartments and approximately 10,719 square feet of first floor retail. The apartments will include 49 rent restricted units and five market rent units. Construction is anticipated to be completed by early 2010.
- **Four new hotels** are planned for the neighborhood, including a total of 468 rooms.
 - The Governor's Hotel Co. LP plans to build a limited-service boutique hotel at North Highland Avenue and Broad Street. The \$21.4 million development includes the former Governor's Hotel and other existing buildings as well as new construction to complete the 140-room, silver-level LEED certified, Hotel Indigo. Room rates will range from \$140 to \$150 a night. The developer hopes to break ground in March 2009 and open the hotel in May 2010.
 - Approximately two blocks away, HSH Liberty Suites LP is proposing to convert the Highland Building, a national historic landmark, into a 105-room Homewood Suites hotel and a 113-room Hampton Inn adjacent to it as part of a \$42 million development.
 - The adjacent Stadterman Building will be demolished and replaced with a 200-space parking garage, with the 7-story Hampton Inn constructed on top. The developer has plans to begin demolition in the first quarter of 2009.
 - Finally, a 110-room hotel is planned for the nearby Bakery Square development on Penn Avenue. Bakery Square is a planned mixed-use development which will include 206,101 square feet of office space, 171,153 square feet of retail space, a 110-room hotel, and an 877 space parking garage.



NEIGHBORHOOD OUTLOOK

The subject neighborhood is positively influenced by the adjoining neighborhood of Shadyside, as well as by the nearby Oakland area, the site of the previously mentioned colleges, universities, hospitals, and institutions. The subject is conveniently located in close proximity to an abundance of educational institutions and other medical facilities. The neighborhood is a densely populated urban area that is nearly completely developed. While the demographics indicate an average income area, recent development activity indicates that new commercial construction is feasible if done correctly. Given the history of the area and the growth trends, it is our opinion that property values will continue to increase in the near future. Indexed against the city and region this area should yield superior results.

RETAIL MARKET ANALYSIS

The subject is located in the center of East Liberty, at the core of the area that was the heart of the 1960's urban redevelopment project that changed East Liberty forever. During that redevelopment, hi-rise subsidized housing, a ring or circle road, new department store retail and a pedestrian mall were the center pieces of that development. Now, almost 50 years later, and after decades of decline, the area is being revitalized. The Sears department store and hi-rise housing are gone and the pedestrian only area now allows traffic. The ring road, known as Penn Circle, remains an important part of the infrastructure.

However, there has been a substantial transformation of the area with new retail and residential developments. The area is now anchored by Whole Foods, Home Depot, and the subject's soon-to-be-built Target store. In addition three hotels are proposed to be located in the core area. The subsidized hi-rise apartments have been replaced by garden and townhouse style units, most of which have been constructed as affordable housing alternatives. As these developments have taken place store front retail in the core of East Liberty, (inside the circle) has begun to see a change in demand and rents.

The neighborhood has seen unprecedented growth with the development of Home Depot and Whole Foods in addition to the Eastside development. With each new development, the border between East Liberty and Shadyside becomes less distinct. The neighborhood and adjoining retail corridors continue to evolve into a regional destination location.

A visual inspection of the Penn Avenue retail corridor indicates there has been a resurgence in demand with few vacancies and an overall improvement in storefront appearance. It is apparent that properly priced storefronts can be leased in a market-oriented fashion.

SURROUNDING MARKET

Subject Market

Until 2002 when the Whole Foods store opened, generally speaking, East Liberty was considered a blighted neighborhood. The landscape was dominated by several high-rise, low-income housing projects. The main commercial thoroughfare was lined with local storefronts occupied by low-end retailers. Numerous storefronts were boarded-up.

Now, this neighborhood is in the midst of a transformation. Prompted by the success of Whole Foods and Home Depot, several new developments are planned. The high-rise, low-income housing projects have been demolished and modern, affordable and income restricted housing has taken its place.

The subject site is located not far from the border between East Liberty and Shadyside. As noted in the Neighborhood Analysis, there has been an unprecedented amount of development in the area. The construction of the Whole Foods market in 2002 essentially blurred the boundary of East Liberty and created a new neighborhood known as Eastside.

Current retail along Penn Avenue includes service-oriented businesses, government social service offices, beauty and nail salons, and other local retailers. These retailers do not provide the same retail goods as Target. As such, the effect on existing retailers in the East Liberty area is expected to be minimal.

Instead, the subject development is expected to facilitate the expansion of the market area, creating a critical mass which will ultimately result in the Eastside, Bakery Square, Shadyside area becoming its own regional retail node. The end result of creating a new destination retail node in the region is the creation of more revenue and consequently more new jobs in the community.

Shadyside/Walnut Street

The adjacent neighborhood, Shadyside, has long been an upscale area occupied largely by upscale residential rental units and boutique type shopping areas. Walnut Street is a three-block area located in this neighborhood. The charming street is lined with a mix of national retailers, unique shops, boutiques and galleries. Retailers located in this neighborhood include Ann Taylor, Banana Republic, Chico's, The Gap, J. Crew, Talbot's, and numerous trendy restaurants and art galleries. The densely populated and affluent neighborhood, as well as regional draw is a key to the continuing success of this street.

The subject's Target store will attract different retail dollars rather than compete with the upscale retailers along Walnut Street. The subject development will compliment this retail node which has been moving north with the recent Whole Foods, Trader Joe's and Eastside developments.

Bloomfield

Existing retail along Penn Avenue and Liberty Avenue in Bloomfield is similar to that along Penn Avenue in the subject neighborhood. It consists of service-oriented businesses, government social service offices, antiques and second-hand shops, and other local service providers. The subject is not expected to compete with these existing retailers or to detract retail sales from these retailers.

RETAIL MARKET OUTLOOK AND CONCLUSIONS

The market area is a densely populated urban area that is 100% developed. New projects in the area are generally redevelopments or renovations of existing properties. Barriers to entry in the market are high as new development would require either demolition or renovation of existing structures.

The demographics indicate the area is a fringe location, outside the established retail corridors throughout the region, with a low-income area to the north, an equally large upper income area is located to the south in the Shadyside area. While the demographics indicate a below average income area, recent development activity indicates that new commercial construction is feasible if done correctly because of the new urbanism of the neighborhood.

Although barriers to entry are high, an unprecedented amount of development has occurred in the neighborhood over the past five years. The subject is located within this growth corridor which has been heavily influenced by the expanding Oakland market and Baum/Centre corridor as well as the adjoining Shadyside neighborhood. As a result, the subject corridor has also experienced growth.

Increased demand for housing combined with the income and employment growth in the neighborhood has resulted in increased local and regional retail demand. This demand is not likely to hurt existing businesses, but instead compliment them.

The tenant mix at the Eastside development, which includes the subject, includes many tenants new to the Pittsburgh market, such as Whole Foods and Trader Joe's, and some one-of-a-kind retailers and boutiques. The neighborhood is increasingly becoming a destination location.

In summary, the proposed Target store will have the following impact on the existing East Liberty neighborhood and the surrounding areas of Shadyside and Bloomfield.

- Target should enhance the East End neighborhoods as a regional retail node.
- The existing East End neighborhoods are currently underserved relative to department store type goods. For over three decades this role was served by Sears; however currently Target, not Sears, is the favored department store nationally.
- Current retail along Penn Avenue in East Liberty includes service-oriented businesses, government social service offices, beauty and nail salons, and other local retailers. These retailers do not provide the same retail goods as Target. As such, the effect on existing retailers in the East Liberty area is expected to be minimal.
- The subject's Target store will attract different retail dollars rather than compete with the upscale retailers along Walnut Street in Shadyside.
- Existing retail along Penn Avenue and Liberty Avenue in Bloomfield is similar to that along Penn Avenue in the subject neighborhood. It consists of service-oriented businesses, government social service offices, antiques and second-hand shops, and other local service providers. The subject is not expected to compete with these existing retailers or to detract retail sales from these retailers.
- While there may be a small amount of overlap with existing retail uses, the Target store will have an overall positive impact on the market area, generating more overall traffic for all retailers and providing a more convenient shopping experience for local residents.

ECONOMIC AND FISCAL IMPACT ANALYSIS

IDENTIFICATION OF CONSULTING PROBLEM

The purpose of this study is to estimate the financial and employment impact of the proposed development. Specifically, we have examined the direct and indirect employment impacts, consumer expenditures, and resulting tax revenue.

The following Scope of Work is a detailed outline of the process completed for this assignment.

SCOPE OF WORK

The scope of work refers to the amount and type of information researched and the analysis performed to complete the assignment. In developing this impact study and preparing this report, the analysts have completed the following procedures.

- We have considered economic and fiscal impacts to the Commonwealth of Pennsylvania, Allegheny County, City of Pittsburgh, and the City of Pittsburgh School District based on studies and surveys prepared by the U.S. Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis.
- We have utilized employee estimates based on industry standards. FTE indicates “full-time equivalent” working 2,080 hours annually.
- Wage estimates for construction and on-site employees were based on the Allegheny County Center for Workforce Information and Analysis from the Pennsylvania Department of Labor and Industry (updated 2nd Quarter 2008).

PURPOSE AND INTENDED USE OF THE IMPACT STUDY

The purpose of this impact study is to develop our opinion of the economic and fiscal impact on the Commonwealth of Pennsylvania, Allegheny County, City of Pittsburgh, and the City of Pittsburgh School District related to the construction and annual operation of the proposed East Liberty Target Project.

The report is to be used as part of a tax increment financing application.

CONSTRUCTION PERIOD IMPACT – ANNUAL IMPACT

During the construction period of East Liberty Target Project, which is expected to last 18 months, starting in January 2010 and concluding by July 2011, a variety of economic opportunities will be created. The construction is expected to create on average 96 direct on-site full-time equivalent (FTE) jobs annually with an annual payroll of approximately \$4.9 million. These direct jobs will create approximately 36 indirect, or spin-off, jobs off-site. These indirect jobs will have an aggregate payroll of more than \$1.7 million annually.

Material purchases resulting from construction of the subject development will total \$7.5 million in the Pittsburgh region each year during the 18-month construction period. This impact analysis assumes the construction costs will be incurred on a straight-line basis during the 18-month period when in actuality, a higher percentage of the costs will be incurred in the earlier months than in the later months. This analysis also assumes no inflationary impact on costs. Direct consumer expenditures will total \$4.1 million.

Annual Economic Impact - Construction Period			
	Direct	Indirect ¹	Total
Jobs (FTE)	96	36	132
Payroll	\$4,938,051	\$1,753,996	\$6,692,047
Material Purchases	\$7,503,590		\$7,503,590
Consumer Expenditures	\$4,134,590		\$4,134,590

¹ 2006 Employment Multiplier Estimates, RIMS II Model

The related annual fiscal impact of construction will be nearly \$960,000 in tax revenue to the state, county, City of Pittsburgh, and City of Pittsburgh school district. This includes \$233,000 in income tax from construction workers, \$27,000 in employer payroll tax, \$383,000 in sales tax of materials purchases made in Pennsylvania, \$182,000 in indirect or spin-off sales tax revenue made by construction workers in the state, \$126,000 in building permit fees, and \$5,000 in Local Services tax (LST).

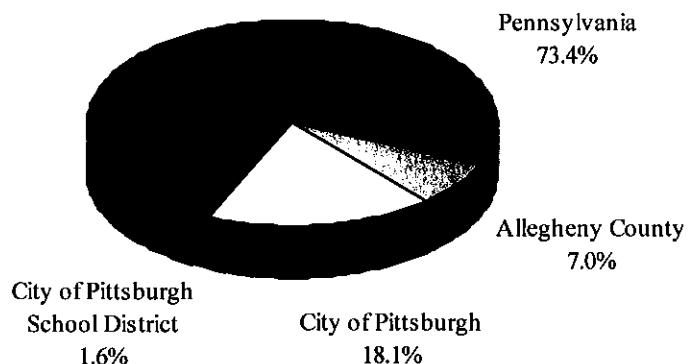
All tax figures are in constant 2008 dollars to avoid including any inflationary impacts. Tax revenues are based on current prevailing tax rates and industry standards for the subject development. Note that the real estate tax impact is not accounted for within the construction, but within the annual operations impacts.

Annual Fiscal Impacts - Construction Period					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax	\$203,209	N/A	\$14,893	\$14,893	\$232,995
Employer Payroll Tax	N/A	N/A	\$27,159	N/A	\$27,159
Local Service Tax	N/A	N/A	\$4,982	N/A	\$4,982
Real Property Tax	N/A	N/A	N/A	N/A	N/A
Direct Sales Tax	\$337,662	\$45,022	N/A	N/A	\$382,683
Indirect Sales Tax	\$160,591	\$21,494	N/A	N/A	\$182,085
Building Permit Fees (1/)	N/A	N/A	\$126,280	N/A	\$126,280
Total	\$701,462	\$66,515	\$173,314	\$14,893	\$956,184

(1/) Assumes all building permit fees are paid in the first 12 months.

On an annual basis during the 18-month construction period, Pennsylvania will receive \$701,000 in tax revenue. Allegheny County will receive approximately \$67,000 in tax revenue, excluding real estate taxes. The City of Pittsburgh will receive approximately \$173,000 in non-real estate tax revenue and the City of Pittsburgh school district will receive approximately \$15,000 in annual non-real estate tax revenues.

Tax Revenue by Jurisdiction



OPERATING PERIOD ECONOMIC AND FISCAL IMPACTS

Once the Target store is open for business, economic impacts will result from the on-going employment at the store and will continue on an annual basis. The employment numbers were estimated by Target and the Developer.

The subject is projected to create 134 new direct and indirect jobs which will have an aggregate annual payroll of approximately \$3.8 million annually. Employee wages will generate \$2.4 million in annual consumer expenditures. Approximately \$1.4 million will be generated in other direct retail sales off-site.

Economic Impact - Annual Operations			
	Direct	Indirect ¹	Total
Jobs (FTE)	115	19	134
Payroll	\$2,846,480	\$972,927	\$3,819,407
Consumer Expenditures	\$2,383,335		\$2,383,335
Other Direct Retail Sales			\$1,436,072

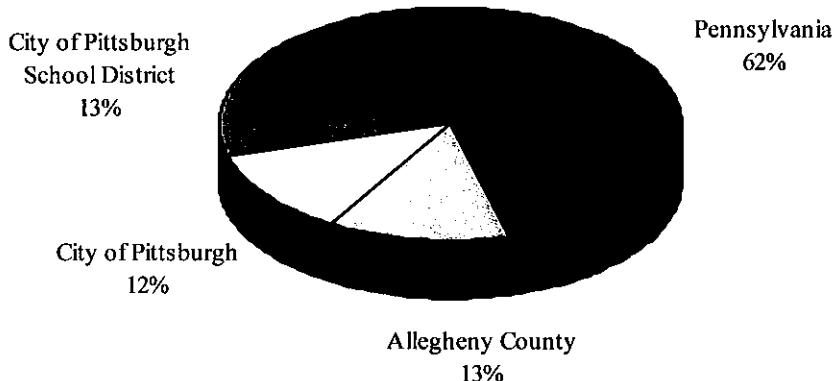
¹ 2006 Employment Multiplier Estimates, RIMS II Model

The related annual fiscal impact from operations at the subject results in approximately \$1.6 million in tax revenue to Pennsylvania, Allegheny County, City of Pittsburgh, and City of Pittsburgh school district. This includes nearly \$173,000 in income tax revenue from the retail employees, \$16,000 in employer payroll tax, \$338,000 in real estate tax revenue (undiscounted), more than \$943,000 in sales tax resulting from retail sales at the store, \$107,000 in indirect sales tax revenue, and \$6,000 in local service tax revenue.

Annual Fiscal Impacts - Annual Operations at Build Out

	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax	\$87,387	N / A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N / A	N / A	\$15,656	N / A	\$15,656
Local Service Tax	N / A	N / A	\$5,980	N / A	\$5,980
Real Property Tax	N / A	\$53,935	\$124,200	\$160,080	\$338,215
Indirect Sales Tax	\$94,095	\$12,644	N / A	N / A	\$106,739
Sales Tax	\$808,500	\$134,750	N / A	N / A	\$943,250
Total	\$989,982	\$201,329	\$188,533	\$202,777	\$1,582,621

Tax Revenue by Jurisdiction



It is an extraordinary assumption of this analysis that 75% of the real estate tax dollars collected will be diverted and pledged to the TIF financing for a period of 20 years. Any remaining real estate revenue will be paid to the taxing jurisdictions. Net of the pledged real estate tax revenue, the total fiscal impact to the state, county, city and school district is approximately \$1.3 million.

Annual Fiscal Impacts - Annual Operations at Build Out, Net of Pledged Real Estate Tax

	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax Revenue	\$87,387	N / A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N / A	N / A	\$15,656	N / A	\$15,656
Local Service Tax	N / A	N / A	\$5,980	N / A	\$5,980
Real Property Tax Revenue	N / A	\$13,484	\$31,050	\$40,020	\$84,554
Indirect Sales Tax (off-site) Revenue	\$94,095	\$12,644	N / A	N / A	\$106,739
Sales Tax	\$808,500	\$134,750	N / A	N / A	\$943,250
Total	\$989,982	\$160,878	\$95,383	\$82,717	\$1,328,960

Other than the real estate tax dollars assumed to be diverted, none of the other tax revenues are impacted by the TIF.

Other Benefits

Currently, the subject site is improved with vacant buildings that generate limited economic or fiscal benefits to the taxing jurisdictions in the current condition. The redevelopment of the site with the 154,000-square foot Target store will generate substantial economic and fiscal benefits in terms of new jobs and increased tax revenues.

CONCLUSION

Economic and Fiscal Impact

The construction of East Liberty Target department store will create 96 direct on-site construction jobs annually with an aggregate payroll of \$4.9 million. Furthermore, 36 additional indirect, or spin-off, jobs off-site will result with an aggregate payroll of \$1.7 million annually. Consumer expenditures resulting from the construction workers will total nearly \$4.1 million and approximately \$7.5 million in material purchases will be made annually in the Pittsburgh region.

The related fiscal impact of construction will result in nearly \$960,000 in tax revenue to Pennsylvania, Allegheny County, City of Pittsburgh, and City of Pittsburgh school district annually.

Once construction is complete and the Target store is open for business, approximately 115 full-time equivalent employees will work at the store with an aggregate payroll of more than \$2.8 million. As a result, approximately 19 indirect, off-site jobs will be created from expenditures made by the direct employees. Consumer expenditures resulting from the retail workers will total nearly \$2.4 million and \$1.4 million in other direct retail sales.

The related annual fiscal impact of the development will be nearly \$1.6 million in tax revenue to all taxing jurisdictions affected.

	Pennsylvania	Allegheny County	Municipalities	School Districts	Total
Construction Period Tax Benefits	\$701,462	\$66,515	\$173,314	\$14,893	\$956,184
Annual Operations Tax Benefits	\$989,982	\$201,329	\$188,533	\$202,777	\$1,582,621
Annual Operations Tax Benefits, Net of Pledged TIF revenues	\$989,982	\$160,878	\$95,383	\$82,717	\$1,328,960

Net of the TIF financing, the total fiscal impact will be approximately \$1.3 million.

DETAILED ANALYSIS

The following tables contain the detailed evaluation of the economic and fiscal impact of the East Liberty Target Project. The tables detail the methodology and key assumptions of the analysis.

Table 1
Summary of Estimated Economic and Fiscal Impacts

Annual Economic Impact - Construction Period			
	Direct	Indirect ¹	Total
Jobs (FTE)	96	36	132
Payroll	\$4,938,051	\$1,753,996	\$6,692,047
Material Purchases	\$7,503,590		\$7,503,590
Consumer Expenditures	\$4,134,590		\$4,134,590

¹ 2006 Employment Multiplier Estimates, RIMS II Model

Annual Fiscal Impacts - Construction Period

	Pennsylvania	Allegheny County	City of Pittsburgh	Pittsburgh School District	Total
Income Tax	\$203,209	N / A	\$14,893	\$14,893	\$232,995
Employer Payroll Tax	N / A	N / A	\$27,159	N / A	\$27,159
Local Service Tax	N / A	N / A	\$4,982	N / A	\$4,982
Real Property Tax	N / A	N / A	N / A	N / A	N / A
Direct Sales Tax	\$337,662	\$45,022	N / A	N / A	\$382,683
Indirect Sales Tax	\$160,591	\$21,494	N / A	N / A	\$182,085
Building Permit Fees (1/)	N / A	N / A	\$126,280	N / A	\$126,280
Total	\$701,462	\$66,515	\$173,314	\$14,893	\$956,184

(1/) Assumes all building permit fees are paid in the first 12 months.

Table 1 contains a summary of the analysis displaying the economic and fiscal impact of the construction of the subject development. These represent an **annual** impact that occurs from the development and construction of the project for the projected 18-month construction period. The income models are presented in constant dollars for calendar year 2008 which represent the present day value of the economic impacts excluding any impact from future inflation.

Other tax estimates including real estate tax, sales tax, and building permit fees are estimated on an annual basis based on the first 12 months of construction anticipated to begin January 2010. The economic impacts in terms of jobs, payrolls, material purchases, and consumer expenditures include both direct and indirect impacts within the region. The fiscal impacts include the direct, annual impact to the taxing jurisdictions as a result of the construction of the project.

Table 2
Summary of Estimated Economic and Fiscal Impacts

Economic Impact - Annual Operations			
	Direct	Indirect¹	Total
Jobs (FTE)	115	19	134
Payroll	\$2,846,480	\$972,927	\$3,819,407
Consumer Expenditures	\$2,383,335		\$2,383,335
Other Direct Retail Sales			\$1,436,072

¹ 2006 Employment Multiplier Estimates, RIMS II Model

Annual Fiscal Impacts - Annual Operations at Build Out					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax	\$87,387	N/A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N/A	N/A	\$15,656	N/A	\$15,656
Local Service Tax	N/A	N/A	\$5,980	N/A	\$5,980
Real Property Tax	N/A	\$53,935	\$124,200	\$160,080	\$338,215
Indirect Sales Tax	\$94,095	\$12,644	N/A	N/A	\$106,739
Sales Tax	\$808,500	\$134,750	N/A	N/A	\$943,250
Total	\$989,982	\$201,329	\$188,533	\$202,777	\$1,582,621

Table 2 contains a summary of the annual economic and fiscal impacts which will take place when the Target store is open for business. These represent the sustained, annual, direct and indirect economic impacts from the normalized operation of the store. The income and related tax revenues are in 2008 constant dollars.

The fiscal impacts to the Commonwealth, Allegheny County and City of Pittsburgh are the annual, sustainable revenues these jurisdictions would receive once the project is completed. These amounts are also in current dollars to avoid including any inflationary impacts.

Net of pledged TIF revenues, the annual fiscal impacts approximates \$1.3 million.

Annual Fiscal Impacts - Annual Operations at Build Out, Net of Pledged Real Estate Tax					
	Pennsylvania	Allegheny County	City of Pittsburgh	City of Pittsburgh School District	Total
Income Tax Revenue	\$87,387	N/A	\$42,697	\$42,697	\$172,781
Employer Payroll Tax	N/A	N/A	\$15,656	N/A	\$15,656
Local Service Tax	N/A	N/A	\$5,980	N/A	\$5,980
Real Property Tax Revenue	N/A	\$13,484	\$31,050	\$40,020	\$84,554
Indirect Sales Tax (off-site) Revenue	\$94,095	\$12,644	N/A	N/A	\$106,739
Sales Tax	\$808,500	\$134,750	N/A	N/A	\$943,250
Total	\$989,982	\$160,878	\$95,383	\$82,717	\$1,328,960

Table 3
Site Assumptions
Proposed Target Store
Site Assumptions

Retail & Parking	308,000
Total SF	308,000

Annual Costs during Construction Period						
Gross SF	Total Cost per SF (\$)	Total Cost	Hard Cost per SF	Hard Cost	Soft Cost per SF	Soft Cost
308,000	\$120	\$36,902,900	\$95	\$29,337,806	\$25	\$7,565,095

Table 3 contains the key site assumptions for the subject development. Information is provided on a gross square foot basis in order to calculate the total construction cost including both hard and soft costs. These are based upon current prevailing costs in constant \$2008.

Detailed construction costs are as follows.

Proposed Target Store - East Liberty			
Site Development & Remediation Costs			\$5,337,750
Building Construction	Bldg Size	Cost / SF	
Target & Parking Garage	308,000	\$102	\$31,565,150
Total Development Costs			\$36,902,900

Table 4
Preliminary Evaluation of Economic Impact

Project Cost (Construction) **\$36,902,900 (excludes Land Acquisition)** **Total cost over 1.5 years**
\$24,601,933 **SL allocation of construction costs**

1. Estimated Earnings Impact

Type of Labor	Annual Construction Cost	Labor Hours per \$1,000 (1/)	Total Hours Annually (2/)	Total FTE Jobs Annually (3/)	Average Earnings / Hr. (4/)	Total Annual Earnings: FTE Jobs
Construction	\$24,601,933	8.1	199,276	96	\$24.78	\$4,938,051

2. Total Economic Impact

Output	Output Multiplier (5/)	Indirect and Induced Economic Impact	Total Economic Impact
\$24,601,933	1.392	\$9,643,958	\$34,245,891

3. Expenditure Impacts

Total Earnings	Disposable Earnings (6/)	Consumption Expenditures (7/)
\$4,938,051	\$4,315,856	\$4,134,590

4. Total Construction Period Employment Impacts

Output Type	Total FTE Jobs	Indirect Employment Impact	Total Employment Impact
Construction Labor	96	42	138

5. Total Earnings Impact

Output Type	Total Annual Earnings	Earnings Multiplier (8/)	Indirect Earnings Impact	Total Earnings Impact
Construction Labor	\$4,938,051	1.3552	\$1,753,996	\$6,692,047

6. Material Purchases

Type of Purchase	Per \$1,000 Construction Cost	Expenditure
Regionally Purchased	\$305	\$7,503,590
Purchased Out of Region	\$105	\$2,583,203
Total Material Purchases		\$10,086,793
Percentage Total Purchases		74%

(1/) 1993 Ratios- Urban Land Institute

(2/) The total project length is estimated at 1.5 years

(3/) Calculated based on 2080 hours per Full-Time Equivalent Employee.

(4/) Center for Workforce Information, 2nd Qu 2008, Construction Industry.

(5/) 2006 Final-demand Output Multiplier for Construction Sector, RIMS II Model.

(6/) Disposable income is 87.4% of personal income for 2007 (Pennsylvania), the most recent data available.

Bureau of Economic Analysis.

(7/) Consumption Expenditures was 95.8% of Disposable Income for 2007, the most recent data available. Bureau of Economic Analysis

(8/) 2006 Direct Effect Earnings Multiplier for Construction Sector, RIMS II Model.

Table 4 highlights the annual construction related impacts for the project. Total annual earnings per full-time equivalent job (FTE) are estimated with consideration to the annual construction costs. Both the direct and indirect economic impact of the construction is calculated and factors are provided on construction expenditures, direct and indirect employment, and total earnings. Material purchases both inside and outside the region are also calculated.

Table 5
Preliminary Evaluation of Economic Impact: Retail Component

FTE per 1,000 SF				
Employees (FTE)	(1/)	Total SF	Number of Employees	Total New Employees
Department Store	0.75	154,000	115	115

(/1) FTE's estimated by Target and the Developer.

Use	# FTE (1/)	Annual Hours	Total Hours	Average Hourly Wage (2/)	Average Annual Wage (3/)	Total Annual Wages
Department Store	115	2,080	239,200	\$11.90	\$24,752	\$2,846,480
Subtotal	115		239,200			\$2,846,480
Total Weighted Average Wage Per Hour						\$11.90

(/1) FTE's estimated by Target and the Developer.

(2/) Allegheny County Occupational Wage Estimates (Source: Center for Workforce Information and Analysis) 2nd Qu 2008

(3/) The average hourly wage multiplied by annual hours.

Table 6
Preliminary Evaluation of Economic Impact: Retail Component

1. Estimated Annual Earnings Impacts- Permanent Employment

Factor	Total New FTE	Average Earnings per FTE per Hour	Total Annual Earnings
Retail	115	\$11.90	\$2,846,480

2. Expenditure Impacts

Output Type	Total Annual Earnings	Disposable Earnings (1/)	Consumption Expenditures (2/)
Retail	\$2,846,480	\$2,487,824	\$2,383,335

3. Total Employment Impacts

Output Type	Total FTE Jobs	Employment Multiplier (3/)	Indirect Employment Impact	Total Employment Impact
Retail	115	1.1655	19	134

4. Total Earnings Impacts

Output Type	Total Annual Earnings	Earnings Multiplier (4/)	Indirect Earnings Impact	Total Earnings Impact (5/)
Retail	\$2,846,480	1.3418	\$972,927	\$3,819,407

(1/) Disposable income is 87.4% of personal income for 2007 (Pennsylvania), most recent data available, Bureau of Economic Analysis.

(2/) Consumption Expenditures was 95.8% of Disposable Income for 2007, the most recent data available. Bureau of Economic Analysis.

(3/) 2006 Direct Effect Employment Multiplier for Retail Sectors, RIMS II Model.

(4/) 2006 Direct Effect Earnings Multiplier for Retail Sectors, RIMS II Model.

(5/) Direct, Indirect and Induced Earnings

Table 6 shows the employment expenditure impacts from the retail development. This includes a determination of the consumption expenditures of on-site employees and the economic impacts of both direct and indirect employment both in terms of the number of employees and total earnings. These represent the annual, sustained economic, employment and payroll impacts in constant \$2008 without including any increase as a result of inflation. The economic multipliers for both employment and earnings are based upon the RIMS II model of the Bureau of Economic Analysis, 2006.

Table 7
Preliminary Evaluation of Economic Impact

Income Tax Receipts - Construction Period			
Inputs	PA Income Tax Rate	Local Earned Income Tax Rate*	Local Service Tax
Income Tax	3.07%	3.00%	\$52

* Only applies to City of Pittsburgh residents, assumed to be 15% of total workforce employed.

Employee Category	Baseline Estimated Number of FTE Jobs	Average Wage/Hour	Estimated Annual Wages Cost Per FTE Job (1)	Estimated Individual Taxable Income (2)	Total Taxable Income	Baseline Realized Personal PA Income Taxes
Construction Workers	96	\$24.78	\$51,542	\$51,542	\$4,938,051	\$151,598
A&E, legal, marketing and promotion					\$1,681,132	\$51,611
Total					\$6,619,183	\$203,209

Period / Worker Category	Total Taxable Income	Baseline Realized Local EIT Taxes			Baseline Realized Local Service Tax
		City of Pittsburgh (3/)	City of Pittsburgh School District (3/)	LST (\$52 per person)	
Construction Workers	\$4,938,051	\$11,111	\$11,111	\$4,982	
A&E, legal, marketing and promotion	\$1,681,132	\$3,783	\$3,783		
Total	\$6,619,183	\$14,893	\$14,893	\$4,982	

(1/) Annual wages are estimated by multiplying average wage by 2,080 hours.

(2/) Under PA Law, gross compensation is taxable. No standard deductions or personal exemptions permitted.

(3/) Assumes 15% of the construction workers will be City of Pittsburgh residents subject to City of Pittsburgh local income taxes.

Table 7 estimates the income tax receipts which will be received by Pennsylvania, the City of Pittsburgh, and City of Pittsburgh school district as result of the construction. This includes an estimate of the number of full-time equivalent jobs, the annual wages, the proportion of workers who live and pay taxes in the City of Pittsburgh, and the current state and City of Pittsburgh / school district income tax rates. All figures are in constant \$2008 to avoid any including impact as a result of inflation.

Table 8
Income Tax Receipts – Post - Construction Period

Income Tax Receipts - Post Construction Period			
Inputs	Commonwealth Personal Income Tax Rate	Local Earned Income Tax Rate*	Local Service Tax
Income Tax	3.07%	3.00%	\$52

* Only applies to City of Pittsburgh residents, assumed to be 100% of total workforce employed.

Employee Category	Baseline Estimated Number of FTE New Jobs	Average Wage/Hour	Estimated Annual Wages Per FTE Job (1)	Estimated Individual Taxable Income (2)	Total Taxable Income	Baseline Realized PA Personal Income Taxes
Retail	115	\$11.90	\$24,752	\$24,752	\$2,846,480	\$87,387
Total	115				\$2,846,480	\$87,387

Employee Category	Total Taxable Income	Baseline Realized Local EIT Taxes		Baseline Realized Local Service Tax
		City of Pittsburgh (3)	City of Pittsburgh School District (3)	LST (\$52 per person)
Retail	\$2,846,480	\$42,697	\$42,697	\$5,980
Total	\$2,846,480	\$42,697	\$42,697	\$5,980

(1/) Annual wages are estimated by multiplying average wage by 2,080 hours.

(2/) Under PA Law, gross compensation is taxable. No standard deductions or personal exemptions permitted.

(3/) Assumes 100% of the workers will be City of Pittsburgh residents subject to City of Pittsburgh local income taxes.

Table 8 contains estimates of the sustained annual income tax that will be realized to the state and City of Pittsburgh / school district as a result of the operations of the subject development. These estimates take into consideration on-site new jobs created, the estimated average earnings per full-time equivalent employee, the proportion of workers who live and pay taxes in the state and City of Pittsburgh / school district, and the current state and City of Pittsburgh / school district income tax rates. These include only direct income tax benefits and are in constant \$2008 to exclude any inflationary impacts. These represent long-term, sustained, annual tax revenues which the state/local jurisdictions are likely to receive.

Table 9
Preliminary Evaluation of Economic Impact

Use	Size (SF)	Market Value		Common		County Millage	County Taxes	Municipal Millage	Municipal Taxes	School District Millage	School District Taxes	School Total Taxes
		per SF	Market Value	Level Ratio	Assessed Value							
Retail Only	154,000	\$75	\$11,500,000	100%	\$11,500,000	0.00469	\$53,935	0.01080	\$124,200	0.01392	\$160,080	\$338,215
Total			\$11,500,000		\$11,500,000		\$53,935		\$124,200		\$160,080	\$338,215

Direct annual real property taxes which would be received by Allegheny County, City of Pittsburgh, and the City of Pittsburgh school district at project build out are presented in Table 9. This is based upon the projected assessed value for the retail development and the 2008 Allegheny County, City of Pittsburgh, and the City of Pittsburgh School District tax rates. Note that the tax rates for 2009 have not yet been established. The assessed value is based upon discussions between the developer and the county assessment office. These tax revenues represent sustained, annual real property tax revenues which Allegheny County, municipality, and school district will likely receive based on 2008 dollars, excluding any inflationary or real increase in assessed value over time. The tax dollars above do not take the tax increment financing (TIF) into account.

Table 10
Direct Sales Tax Impacts– Construction Period (Annually)

Inputs	PA Tax Rate	Allegheny County Tax Rate
Sales & Use Tax Rate	6%	1%
<hr/>		
Construction Period		Direct Expenditures
Regional Material Purchases	\$7,503,590	
Estimated Percent Purchased in Commonwealth	75%	
Estimated Commonwealth Sales Tax Revenue	\$337,662	
Estimated Percent Purchased in Allegheny County	60%	
Estimated Allegheny County Sales Tax Revenue	\$45,022	
Total Estimated Sales Tax Revenue	\$382,683	

Annual direct sales taxes during the construction period are presented in Table 10. All figures are in constant \$2008 to exclude any inflationary or real dollar increase in sales. Sales tax revenue is based upon the current Pennsylvania and Allegheny County sales tax rates for the respective goods or service.

Table 11
Indirect Sales Tax Impacts: Construction Period (Annually)

Inputs	PA Tax Rate	Allegheny Co. Tax Rate
Sales & Use Tax Rate	6%	1%
Work Related Impacts - Construction Workers		
Construction Workers (FTE)	96	
Retail Expenditure Per Employee Per Year in Commonwealth	\$500	
Total Retail Sales in Commonwealth / Allegheny County	\$47,903	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to Commonwealth	\$2,443	
Estimated Indirect Sales Tax Revenue to Allegheny County	\$407	
Total Estimated Indirect Sales Tax Revenue	\$2,850	
Residential Related Impacts - Construction Workers		
Total Potential Employees (FTE)	96	
Total Consumption Expenditures	\$4,134,590	
Percent Commonwealth Residents	100%	
Consumption Expenditures for Commonwealth Residents	\$4,134,590	
Percent Retail Expenditures in Commonwealth	75%	
Total Retail Sales in Commonwealth	\$3,100,943	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to Commonwealth	\$158,148	
Percent Retail Sales in Allegheny County	60%	
Total Retail Sales in Allegheny County	\$2,480,754	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to County	\$21,086	
Total Estimated Sales Tax Revenue	\$179,234	

Annual indirect sales tax impacts during construction include revenues to the state and county as result of off-site sales tax generated by purchases made by construction workers within the state. Once again, amounts are in 2008 constant dollars to avoid any inflationary impacts and are based upon current tax rates.

Table 12
Indirect Sales Tax Impact – Post Construction

Inputs	PA Tax Rate (Allegheny County)	Local Tax Rate
Sales & Use Tax Rate	6%	1%
Employees- Work Related Impacts		
Retail New FTE	115	
Retail Expenditure Per Employee Per Year	\$500	
Total Retail Expenditures in PA / Allegheny County	\$57,500	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to Commonwealth	\$2,933	
Estimated Indirect Sales Tax Revenue to Allegheny County	\$489	
Total Estimated Indirect Sales Tax Revenue	\$3,421	
Employees - Residential Related Impacts		
Total Project Employees (FTE)	115	
Total Consumption Expenditures	\$2,383,335	
Percent Commonwealth Residents	100%	
Consumption Expenditures for Commonwealth Residents	\$2,383,335	
Percent Retail Expenditures in Commonwealth	75%	
Total Retail Sales in Commonwealth	\$1,787,501	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to Commonwealth	\$91,163	
Percent Retail Sales in Allegheny County	60%	
Total Retail Sales in Allegheny County	\$1,430,001	
Estimated Percent of Retail Goods / Services Not Tax Exempt	85%	
Estimated Indirect Sales Tax Revenue to County	\$12,155	
Total Estimated Indirect Sales Tax Revenue	\$103,318	

Table 12 provides estimates of the indirect sales tax impacts annually generated from the stabilized operations of East Liberty Target Project. These amounts are all in 2008 constant dollars to exclude any inflationary or real impacts of increases in retail sales overtime. This includes work-related purchases made by employees in the region and the sales impacts of on-site employees who are also residents within Pennsylvania and make a proportion of their retail expenditures within the state/county.

Table 13
Employer Payroll Tax Impact – Post Construction

Employer Payroll Tax

	Payroll	Employer Payroll Tax (1/)
Retail	\$ 2,846,480	\$15,656

(1/) In 2005, the City replaced the Mercantile tax with an Employer Payroll Tax. It is collected by the city at .55% of payroll expense.

Table 13 provides estimates of the employer payroll tax collected by the City of Pittsburgh which replaced the mercantile tax in 2005.

Table 14
Retail Sales Tax Impact – Post Construction

	Sales / SF (1/)	Size	Annual Sales	Occupancy	Net Sales	% Taxable	Taxable Sales	Pennsylvania Sales Tax (6%)	Allegheny County Sales Tax (1%)
Department Store	250.00	154,000	\$38,500,000	100%	\$38,500,000	35%	\$13,475,000	\$808,500	\$134,750
Totals			\$38,500,000				\$13,475,000	\$808,500	\$134,750

(1/) Sale per square foot estimated based on industry data published in Dollars & Cents of Shopping Center / The SCORE 2008 and extrapolated from the 2007 Annual Report for Target Department Stores.

(2/) Sales tax is 6% to Pennsylvania and 1% to Allegheny County for taxable sales.

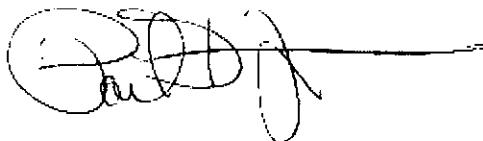
Table 14 provides estimates of the sales tax to be collected by Pennsylvania and Allegheny County for retail sales at the store post construction. The store is projected with 100% occupancy.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- we have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- the consultants have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- our analyses, opinions, and conclusions have been developed, and this report has been prepared, in compliance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation.
- Paul D. Griffith, MAI has personally inspected the property that is the subject of this report.
- no one has provided significant professional assistance to the persons signing this report.
- the consultants have the competency to perform the consulting assignment; we have completed studies on similar properties in the competitive market area and have access to market data relevant to the market study.

- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, Paul D. Griffith, MAI has completed the requirements of the continuing education program of the Appraisal Institute.



Paul D. Griffith, MAI
Certified General Appraiser
PA Certificate #GA-000261-L



Michele L. Allerton
Certified General Appraiser
PA Certificate # GA-003405

ASSUMPTIONS AND LIMITING CONDITIONS

This study is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This study is subject to the following limiting conditions, except as otherwise noted in the report.

7. The conclusions stated in our study apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
8. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
9. No environmental impact studies were either requested or made in conjunction with this report, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
10. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
11. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The study covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
12. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our study.
13. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultants, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
15. Information, estimates and opinions contained in the report, obtained from third-party sources are assumed to be reliable and have not been independently verified.
16. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of any property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. A specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The consulting report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Pittsburgh is not a building or environmental inspector. Integra Pittsburgh does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Pittsburgh, Integra Realty Resources, Inc. or their respective officers, owners, managers, Directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
24. Integra Realty Resources – Pittsburgh, an independently owned and operated company, has prepared the report for the specific purpose stated elsewhere in the report. The intended use of the report is stated in the General Information section of the report. The use of the report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

26. This report is subject to the following extraordinary assumptions:
 - a. The building plans have not been finalized. The store size and parking garage was provided by the developer, the Mosites Company. Development cost estimates were provided by the developer and are recognized as estimates.
 - b. A portion of the real estate taxes (75%) will be pledged to the development for 20 years through creation of a Tax Increment Financing (TIF) District.
27. The report is not subject to any hypothetical conditions.

ADDENDUM A

CONSULTANT QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS OF PAUL D. GRIFFITH, MAI

EXPERIENCE:	Managing Director for Integra Realty Resources, based in the Pittsburgh, Pennsylvania office. Since 1977, Mr. Griffith has completed hundreds of appraisals on all types of properties throughout the Eastern and Mid-Atlantic regions of the country. From 1979 to 1983, he was associated with Berman and Company. From 1986 to 1991 he was President of Barone, Griffith, Motta and Murtha, Inc. Within the Tri-State area Mr. Griffith has acted as a consultant or appraiser in 100 cases where the assessment was at issue. He has appeared as an expert witness before County assessment boards, and Courts of Common Pleas. His litigation experience involving eminent domain valuations spans a 20 year period. Mr. Griffith has acted as a consultant in a variety of market studies, feasibility studies, and impact studies. Impact studies include cellular tower sites, environmental contamination sites, and landfill sites. Mr. Griffith also has experience in various market studies and appraisals pertaining to HUD MAP properties.
PROFESSIONAL ACTIVITIES:	Member: Member Appraisal Institute, MAI (1984) -Past President, Pittsburgh Metropolitan Chapter of the Appraisal Institute -Past Regional Representative of the Appraisal Institute Member: Metropolitan Pittsburgh Board of Realtors (REALTOR) Member: Associate Member NAIOP Member: Institute for Professional In Taxation, CMI Licensed: Broker's license - Commonwealth of Pennsylvania Licensed: Certified General Appraiser: Pennsylvania, Ohio, West Virginia and Maryland Teaching: Lecturer: Duquesne University, Undergraduate School of Business: Commercial-Industrial Valuation (1988 to 1992) Teaching: Appraisal Institute: National Faculty, Capitalization Course Series, and Highest and Best Use - Market Analysis (1988 to 2000) Teaching: Institute of Property Taxation: Intermediate Property Tax School (1996 to 2000) Teaching: Various seminars and lectures
EDUCATION:	Graduate of Pennsylvania State University (BS), Business Administration American Institute of Real Estate Appraisers Courses: - Appraisal Principles - Valuation Procedures - Capitalization Theory & Techniques (I, II and III) - Litigation Valuation - Case Studies in Real Estate Valuation - Valuation Analysis and Report Writing - Standards of Professional Practice (A and B) - Highest and Best Use and Market Analysis - Separating Real & Personal Property from Intangible Business Assets - Appraising the Oddball: Nonconforming & Difficult Properties - Accounting for Goodwill - Mark-to-Market: The next FIRREA - Standard of Professional Practice (Part C) Department of HUD - Philadelphia Multifamily Appraiser Training HUD MAP Third Party Technical Training Society of Real Estate Appraisers Course - Introduction to Appraising Real Property University of Pittsburgh Course - Appraisal of Real Estate
QUALIFIED BEFORE COURTS :	Mr. Griffith has qualified as an expert witness in quasi-judicial proceeding in Allegheny, Butler, Westmoreland, Blair, Lawrence, Erie and Beaver Counties, the Court of Common Pleas in Allegheny, Beaver, Lancaster, Washington, and Potter County, Pennsylvania and Hamilton County, Ohio. He has also qualified as an expert witness in the United States Federal Court, Western Pennsylvania District.

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 21449 Harrisburg PA 17120-2649

07 456113

Extrusion Type

Certified General Appraiser



CONTINUOUS STREAMS

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Introduction

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PHOTOGRAPH BY
JOHN G. DAVIS

**Certificate
Number:**

GA000281L

Introduction to Dose

October 1970

John D. Meador

PROFESSIONAL QUALIFICATIONS OF MICHELE L. ALLERTON, CPA

EXPERIENCE: Analyst for Integra Realty Resources, based in the Pittsburgh, Pennsylvania office. Actively engaged in real estate valuation with Integra Realty Resources – Pittsburgh beginning in 2000. Appraisals have been performed on various properties, including, but not limited to, elder care properties (assisted living and nursing), neighborhood and community shopping centers, apartment complexes, single-tenant industrial buildings, low-rise to high-rise office buildings, mixed used facilities and vacant land for various purposes including condemnation, financing, and asset evaluation.

PROFESSIONAL ACTIVITIES:

License:	Certified General Appraiser, Commonwealth of Pennsylvania (2005)
	Certified Public Accountant in Pennsylvania (1990)
Member:	CREW: Commercial Real Estate Women
Member:	Integra's Specialty Practice: Senior Housing and Health Care

EDUCATION: B.S. Degree, Accounting, Pennsylvania State University, University Park, Pennsylvania, (1987)

Successfully completed and/or received credit for the following courses and seminars sponsored by the Appraisal Institute:

Course 120: Appraisal Procedures
Course 800: Separating Real and Personal Property from Intangible Business Assets.
Standards of Professional Practice: Course A
Appraising From Blueprints & Specifications
Analyzing Commercial Lease Clauses
Evaluating Commercial Construction
Course 530: Sales Comparison and Cost Approaches to Value
Course 520: Highest and Best Use and Market Analysis
Course 510: Advanced Income Capitalization

Other courses successfully completed include:

Fundamentals of Business Valuation – Part 1(Georgia Society of CPA's) August 2001
HUD MAP Market Analysis and Appraisal Training – Philadelphia, Pennsylvania
February 2003
HUD Multifamily Accelerated Processing – St. Louis, Missouri April 2004

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Department of State
Bureau of Professional and Occupational Affairs
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Certificate Type
Certified General Appraiser

Certificate Status
Active

MICHELE L ALLERTON
4722 VALLEYFIELD DRIVE
ALLISON PARK PA 15101

Certificate
Number
GA003405

Initial Certification Date
02/01/2005
Expiration Date
06/30/2009

Basil L. Meunfa
Commissioner of Professional and Occupational Affairs

michele l. allerton
Signature

INTEGRA REALTY RESOURCES, INC. CORPORATE PROFILE

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 58 independently owned and operated offices in 33 states. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Managing Directors follows:

ATLANTA, GA - *Sherry L. Watkins, MAI*
ATLANTIC COAST, NJ - *Anthony Graziano, MAI, CRE, FRICS*
AUSTIN, TX - *Randy A. Williams, MAI, SR/WA, MRICS*
BALTIMORE, MD - *G. Edward Kerr, MAI, MRICS*
BOISE, ID - *Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS*
BOSTON, MA - *David L. Cary, MAI, MRICS*
CHARLOTTE, NC - *Fitzhugh L. Stout, MAI, CRE, FRICS*
CHICAGO, IL - *Gary K. DeClark, MAI, CRE, FRICS*
CHICAGO, IL - *Jeffrey G. Pelegrin, MAI, MRICS*
CINCINNATI, OH - *Gary S. Wright, MAI, SRA, MRICS*
CLEVELAND, OH - *Douglas P. Sloan, MAI*
COLUMBIA, SC - *Michael B. Dodds, MAI, CCIM, MRICS*
COLUMBUS, OH - *Bruce A. Daubner, MAI, MRICS*
DALLAS, TX - *Mark R. Lamb, MAI, CPA, MRICS*
DAYTON, OH - *Gary S. Wright, MAI, SRA, MRICS*
DENVER, CO - *Brad A. Weiman, MAI, MRICS*
DETROIT, MI - *Anthony Sanna, MAI, CRE, FRICS*
FORT WORTH, TX - *Donald Sherwood, MAI, SR/WA, MRICS*
GREENVILLE, SC - *Michael B. Dodds, MAI, CCIM, MRICS*
HARTFORD, CT - *Mark F. Bates, MAI, CRE, FRICS*
HOUSTON, TX - *David R. Dominy, MAI, MRICS*
INDIANAPOLIS, IN - *Michael Lady, MAI, SRA, CCIM, MRICS*
KANSAS CITY, MO/KS - *Kenneth Jagers, MAI, MRICS*
LAS VEGAS, NV - *Shelli L. Lowe, MAI, SRA, MRICS*
LOS ANGELES, CA - *John G. Ellis, MAI, CRE, FRICS*
LOS ANGELES, CA - *Matthew Swanson, MAI*
LOUISVILLE, KY - *George Chapman, MAI, SRA, CRE, FRICS*
MEMPHIS, TN - *J. Walter Allen, MAI, MRICS*
MIAMI, FL - *William R. Hemingway, MAI, MRICS*
MIAMI, FL - *Gregory R. Gunter, MAI, MRICS*

MILWAUKEE, WI - *Nicholas F. Solano, MAI, MRICS*
MINNEAPOLIS, MN - *Michael Amundson, MAI, CCIM, MRICS*
NAPLES, FL - *Thomas A. Tippett, MAI, MRICS*
NASHVILLE, TN - *R. Paul Perutelli, MAI, SRA, MRICS*
NEW YORK, NY - *Raymond T. Cirz, MAI, CRE*
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PHOENIX, AZ - *Walter Winius, Jr., MAI, CRE, FRICS*
PITTSBURGH, PA - *Paul D. Griffith, MAI, MRICS*
PORTLAND, OR - *Brian A. Glanville, MAI, CRE, FRICS*
PROVIDENCE, RI - *Gerard H. McDonough, MAI*
RICHMOND, VA - *Kenneth L. Brown, MAI, CCIM, MRICS*
SACRAMENTO, CA - *Scott Beebe, MAI, MRICS*
ST. LOUIS, MO - *Roland G. Hoffman, MAI, SRA*
SALT LAKE CITY, UT - *Darrin Liddell, MAI, CCIM, MRICS*
SAN ANTONIO, TX - *Martyn C. Glen, MAI, CRE, FRICS*
SAN DIEGO, CA - *Jeffrey Greenwald, MAI, MRICS*
SAN FRANCISCO, CA - *Jan Kleczewski, MAI, MRICS*
SARASOTA, FL - *Thomas A. Tippett, MAI, MRICS*
SAVANNAH, GA - *J. Carl Schultz, Jr., MAI, SRA, CRE*
SEATTLE, WA - *Allen N. Safer, MAI, MRICS*
SYRACUSE, NY - *William J. Kimball, MAI, MRICS*
TAMPA, FL - *Bradford L. Johnson, MAI, MRICS*
TULSA, OK - *Robert E. Gray, MAI, MRICS*
WASHINGTON, DC - *Patrick C. Kerr, MAI, SRA, MRICS*
WILMINGTON, DE - *Douglas Nickel, MAI, MRICS*
IRR de MEXICO - *Oscar J. Franck*

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