

2022 Report to the Membership

of the

**Pittsburgh Economic & Industrial Development
Corporation**

April 25, 2023

PITTSBURGH ECONOMIC & INDUSTRIAL DEVELOPMENT CORPORATION

Board of Directors

Glenn Groninger, Chair
PNC Bank
Term expires 12/31/2024

Lindsay Powell, Vice-Chair
Innovate PGH
Term expires 12/31/2022

Vacant, Secretary

Malik G. Bankston, Treasurer
Retired
Term expires 12/31/2022

Thomas Hardy, Member
Central North Side Neighborhood Council
Term expires 12/31/2023

Claudia Steeb, Member
JLL Capital Markets
Term expires 12/31/2022

Monica Ruiz, Member
Casa San Jose
Term expires 12/31/2023

Lauren Connelly
Allegheny Conference on Community Development
Term Expires 12/31/2023

Staff

Donita Thomas, Acting-President
Brooke Shetler, Program Assistant

Introduction

The Pittsburgh Economic & Industrial Development Corporation (PEIDC) was established in 1995 to serve as the City of Pittsburgh's industrial development corporation for real estate development. It is a member-based organization with its membership consisting of private real estate developers, community development organizations, lenders and development professionals. With Internal Revenue Service 501 (c) (3) non-profit corporation status the PEIDC is able to purchase real estate for development, obtain private and public financing, and sell or lease real estate; all for projects where private real estate developers will not or cannot undertake industrial or commercial development projects.

Since its establishment, the PEIDC has operated under an Administrative Agreement with the Urban Redevelopment Authority which provides staffing for PEIDC activities in return for 75% of the PEIDC's net operating revenue. This relationship enables the close coordination of activities with the City's development agency.

Financial Condition

The highlights of the audited financial statements as of December 31, 2022, included in this Report are as follows:

Total Assets: \$1,862,011

Total Liabilities: \$231,996

Total Net Assets: \$1,630,015*

*Included in Total Net Assets is end of year cash totaling \$1,796,099.

Revenues and Support: -\$231,501**

Operating Expenses: -\$258,581***

Change in Net Assets: -\$490,082

**Due to the loss on disposal of assets and

***Inclusive of payment of administrative fees to the URA in the amount of \$215,881

R H Kuhn PIDA Loan Remaining Payments: \$327,417****

****The ninth (9th) of thirty (30) annual interest free installments of \$15,591 was made in June to amortize the default obligation.

PIDA Loan Portfolio

Since its inception, the PEIDC has received approval for 22 PIDA loans. Of these approvals, 15 loans closed for a total of \$14.37 million. The PEIDC acts as a conduit with liability to PIDA for 50% of any loan balance after liquidation of collateral, typically second mortgages on project real estate, and exercise of any personal guarantees. Of the closed loans, thirteen (14) have been fully repaid to date.

The remaining PIDA loan a loan guarantee to DCED. The PIDA loan program has since been restructured and PEIDC is no longer required to guarantee loans. The remaining loan is now a 0% loan for which PEIDC pays \$15,591.30 every year. The current balance is \$327,417.

In 2019, the PEIDC became recertified as a Community Economic Development Organization in order to facilitate PIDA loans going forward. The certification had lapsed due to the low interest rate available in the market and the loan loss reserve requirements. The State-run program has since changed and includes products with longer amortizations, making the funding attractive. In addition, they no longer require a loan loss reserve to be held by the CEDO. As of the date of this meeting, there are no new PIDA loan as part of the PEIDC portfolio.

2022 Activities

Several projects have moved from speculative to pipeline due to movement by third parties involved in the projects. In Larimer the Phase IV Larimer Choice project located at 135 Winslow Street, was awarded Low Income Housing Tax Credits, paving the way for the financing to proceed and plans to continue to be developed on the reutilization of the former Larimer School into a mixed-use project. PEIDC successfully executed a Master Lease for the gym and auditorium spaces for nineteen years. PEIDC is in discussions with tenants that the community has been working with to provide a community kitchen and event space. PEIDC took possession of the space in February 2023. An agreement has been executed with Walnut Capital to provide property management services.

2023 Activities and Outlook

The PEIDC anticipates taking possession of Phase III of the Larimer Choice project located at 514 Larimer Avenue in June of 2023. Negotiations have been completed to finalize the scope of the construction to increase the marketing potential of the space. In line with the neighborhood plan, the cornerstone of this commercial development is intended to be a full-service restaurant. Walnut Capital has also been

engaged to provide property management services. Additionally, CBRE has been engaged to develop a marketing plan and provide brokerage services.

The PEIDC continually seeks additional neighborhood projects in which the private sector is not willing to undertake development risks, but would result in a high impact improvement to a commercial and/or industrial/distribution district. It is such high risk, but high benefit neighborhood projects the PEIDC seeks and is well positioned financially to undertake.