

**2023 Report to the Membership**

**of the**

**Pittsburgh Economic and Industrial Development  
Corporation**

**April 23, 2024**

# PITTSBURGH ECONOMIC and INDUSTRIAL DEVELOPMENT CORPORATION

## Board of Directors

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

Lindsay Powell, Vice-Chair  
State Representative  
Term expires 12/31/2025

Thomas Link, Secretary  
Chief Development Officer, URA  
Term expires 12/31/2025

Rebecca Davidson-Wagner, Treasurer  
Director of Community Development Investments, URA  
Term expires 12/31/2025

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

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

Vacant, Member

Vacant, Member

Vacant, Member

## Staff

Donita Thomas, 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, 2023, included in this Report are as follows:

**Total Assets: \$1,829,703**

**Total Liabilities: \$234,438**

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**Total Net Assets: \$1,595,265\***

\*Included in Total Net Assets is end of year cash totaling \$1,689,011.

**Revenues and Support: \$47,566**

**Operating Expenses: 82,316\*\***

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**Change in Net Assets: -\$34,750**

\*\*Inclusive of payment of administrative fees to the URA in the amount of \$30,000

**R H Kuhn PIDA Loan Remaining Payments: \$311,826\*\*\***

\*\*\*The ninth (10<sup>th</sup>) of thirty (30) annual interest free installments of \$15,591 was made in July to amortize the default obligation.

## **PIDA Loan Portfolio**

Since its inception, the PEIDC has received approval for 22 PIDA loans. Of these approvals, fifteen 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, fourteen (14) have been fully repaid to date.

The remaining PIDA loan is 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 \$311,826.

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 loans as part of the PEIDC portfolio.

## **2023 Activities**

PEIDC holds a nineteen-year master lease of the gym and auditorium commercial space at the Larimer Choice Phase IV project located at 135 Winslow Street. PEIDC took possession of the space in February 2023 and since then has worked to fundraise for improvements to the interior that will result in a more marketable commercial space. These improvements include the addition of bathrooms, flooring, lighting, and other items. Those fundraising efforts were successful with a tremendous amount of funding support from the URA. The PEIDC board has given authorization for PEIDC to enter a construction contract with ABS Building System Integrators, LLC. for up to \$975,000 for the improvements. Construction is expected to begin Q2 2024 with completion by Q3 2024. PEIDC has also executed a hold from market letter with Food 21 of Pennsylvania as they fundraise and complete due diligence efforts to open the Larimer Celebration Hall. Food 21 has support from the Larimer Consensus Group, Catapult Culinary the Hillman Foundation, as well as several other partners.

PEIDC also holds a nineteen-year master lease of two ground floor commercial spaces at the Larimer Choice Phase III project located at 504/514 Larimer Avenue. Construction of the space will be complete Q2 2024. This construction includes a small improvement scope funded by PEIDC to account for value engineering deletions from the original scope of work. PEIDC plans to take possession of the space this month.

PEIDC has received board authorization to enter into a ten-year sublease agreement with Allegheny County Magisterial Court District 5 for a fully operational courtroom in the interior space. PEIDC has agreed to complete the tenant fit out on behalf of the county and offer a full-service rental rate that includes amortization of the tenant fit out costs. AS such, PEIDC has also received board authorization to enter an architectural design contract with Lab 8 Designs for tenant fit out. Design is underway with construction expected to begin in Q2 2024.

## **Board of Directors**

PEIDC is governed by a Board of Directors with all powers vested in Directors by the Pennsylvania Nonprofit Corporation Law of 1988, as amended, or any subsequent legislation. Per the current bylaws, the Board of Directors, which shall consist of nine members elected by the full membership, shall manage the business and affairs of the Corporation. PEIDC has been fortunate to have a consistent Board for the last several years. Due to expiration in terms of office, both Mailk Bankston and Tom Hardy are no longer members of the Board of Directors. Thank you to Tom and Malik for the dedication, effort, knowledge, and thoughtfulness which was used to serve. Additionally, Lauren Connelly has decided to step down from the Board of Directors to engage in new roles as both a member of the URA Board of Directors and incoming Director of Allegheny County Department of Economic Development. I thank Lauren for her service and wish her the best of luck in her new endeavors. Monica Ruiz has graciously elected to extend her term through 2025. Thank you to all past and current members of the PEIDC Board of Directors.

These changes result in three vacant positions on the PRIDC Board of Directors. In anticipation of these changes, the Nominating Committee met several times during Q1 2024 to discuss and vet recommendations for new members. As such, the Nominating Committee, comprised of current PEIDC board members, is recommending the following new members for the PEIDC Board of Directors pending approval by a majority vote at the annual meeting. Biographies of the new candidates are attached.

### **Recommended New Members**

- DeAnna Davis – Keller Williams Realty
- Jason Hobbes – Regional Industrial Development Corporation
- Lori Moran – Bally Money Real Estate

## **2024 Activities and Outlook**

### **Potential Bylaw Changes**

The current bylaws were last amended in 2021. As stated, the current bylaws are no longer in line with how PEIDC is being run. I am proposing the following changes

to the bylaws. These changes are detailed in the accompanying bylaw redlines and highlighted clean version. These changes were approved by the Board of Directors at the Q1 2024 board meeting. The changes are pending approval by a majority vote at the annual meeting.

- Reference to appropriate Pennsylvania codes
- Simplify membership structure. Classes of membership will no longer exist.
- Simplify termination of membership.
- Remove language no longer relevant to the organization's current operations.
- Update to annual membership meeting procedure.
- Update to Nominating Committee membership changes.
- Update to procedure for bylaw and article of incorporation procedures.

### **Strategic Plan Creation**

As President of the organization, I believe that PEIDC should have clear measurable goals to increase its impact with the URA and Pittsburgh neighborhoods. As such, PEIDC will be creating a strategic plan to plot a course for the organization's success. Undertaking a strategic plan initiative was supported by the Board of Directors at the Q1 2024 board meeting. Once created, the plan will be shared with the membership. Goals for the strategic plan are as follows:

- Set organizational mission, goals, priorities.
- Plan may be created by qualified third party selected by an RFP process.
- Authorization to enter consulting contract will be board approved.
- The future makeup of the board will be informed by the strategic plan.

### **Larimer Master Leases**

PEIDC will continue to engage with Food 21 of Pennsylvania as the intended tenant for Larimer IV. Per an extension to the hold from market agreement, Food 21 will continue to pay holding costs as they complete the design of the tenant fit out and fundraise for construction and operating costs. PEIDC will also continue to vet potential tenants in the restaurant industry to build out and occupy the corner space at Larimer III. Discussions are currently being held with several tenants who are exploring fit out design and costs.

### **Summary**

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.