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Applicant: HILL HOUSE ECONOMIC DEVELOPMENT CORPORATION
Application Number: EE12000148
Project Title: HILL DISTRICT/FOOD DESERT SHOP 'N SAVE SUPERMARKET
Status: Awarded

Online Forms

1. SF-424A Budget Information - Non-Construction
2. SF-LLL Disclosure of Lobbying Activities
3. SF-424B Assurances - Non-Construction
4. SF-424 Application for Federal Assistance Version 2
 - (Upload #1): ProjectNarrativeAttachments-Attachments- 1237-HHEDC_PROJECT_NARRATIVE_ATTACHMENT_FORM.pdf
 - (Upload #2): OtherNarrativeAttachments-Attachments-1236-HHEDC_OCSFY12_APPENDICES.pdf
 - (Upload #3): BudgetNarrativeAttachments-Attachments-1235-HHEDC_BUDGET_NARRATIVE_ATTACHMENT_FORM.pdf
 - (Upload #4): SF424_2_1-1234-HHEDC SF424-14.doc

Additional Information to be Submitted

1. Miscellaneous Information

Note: Upload document(s) printed in order after online forms.

BUDGET INFORMATION – Non-Construction Programs

SECTION A – BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. CSBG CED PROGRAM	93.570			\$800,000.00		
2.						
3.						
4.						
5.				\$800,000.00		
SECTION B – SECTION CATEGORIES						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)	
	(1) CSBG CED PROGRAM	(2)	(3)	(4)		
a. Personnel						
b. Fringe Benefits						
c. Travel	\$7,500.00				\$7,500.00	
d. Equipment						
e. Supplies						
f. Contractual	\$5,000.00				\$5,000.00	
g. Construction	\$787,500.00				\$787,500.00	
h. Other						
i. Total Direct Charges (sum of 6a-6h)	\$800,000.00				\$800,000.00	
j. Indirect Charges						
k. TOTALS (sum of 6i and 6j)	\$800,000.00				\$800,000.00	
7. Program Income						

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Standard Form 424A (Rev. 7-97)
 Prescribed by OMB Circular A-102

Previous Edition Usable

SECTION C – NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. CSBG CED PROGRAM	\$1,223,644.00	██████████	██████████	██████████
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$1,223,644.00	██████████	██████████	██████████

SECTION D – FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$790,000.00	\$197,500.00	\$288,000.00	\$197,500.00	\$195,000.00
14. Non-Federal	██████████	██████████	██████████	██████████	██████████
15. TOTAL (sum of lines 13 and 14)	██████████	██████████	██████████	██████████	██████████

SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. CSBG CED PROGRAM	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
17.				
18.				
19.				
20. TOTAL (sum of lines 16-19)	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00

SECTION F – OTHER BUDGET INFORMATION

21. Direct Charges:	22. Indirect Charges:
23. Remarks: Grantee will not be directly undertaking construction. It will be making a loan to a “partnering” entity (LLC) which will build a supermarket. Therefore, we are using the non-construction budget form.	

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, <i>if known:</i> Congressional District, if known:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, if applicable: <u> 93.57 </u>	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Registrant <i>(if individual, last name, first name, MI):</i>	b. Individuals Performing Services <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i>	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

DISCLOSURE OF LOBBYING ACTIVITIES CONTINUATION SHEET

Reporting Entity:

Page 2 of 2

SF424B Assurances

Project Title: HILL DISTRICT/FOOD SHOP 'N SAVE SUPERMARKET
Project Period: 09/30/2012 to 09/29/2017
Application Organization: HILL HOUSE ECONOMICDEVELOPMENT CORPORATION
Authorized Certifying Official: Jeffrey Anderson
Title: Chief Operating Office

- I DO NOT agree with the terms of the Signing Agreement
 I agree with the terms of the signing Agreement

Application for Federal Assistance SF-424 Version 02

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Submission: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify) <input type="text"/>
---	--	---

* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text"/>
---	--

5a. Federal Entity Identifier: <input type="text"/>	* 5b. Federal Award Letter: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Letter: <input type="text"/>
--	--

8. APPLICANT INFORMATION:

* a. Legal Name: <input type="text" value="HILL HOUSE ECONOMIC DEVELOPMENT CORPORATION"/>	
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="25-1752971"/>	* c. Organizational DUNS: <input type="text" value="9694598120000"/>

d. Address:

* Street1	<input type="text" value="1901 CENTRE AVENUE, SUITE 202"/>
Street2:	<input type="text"/>
* City:	<input type="text" value="PITTSBURGH"/>
County	<input type="text"/>
* State:	<input type="text" value="Pennsylvania"/>
Province:	<input type="text"/>
* Country:	<input type="text" value="UNITED STATES"/>
* Zip/Postal Code:	<input type="text" value="15219-4378"/>

e. Organizational Unit

Department Name: <input type="text"/>	Division Name: <input type="text"/>
--	--

f. Name and Contact Information of person to be contacted on matters involving this application:

Prefix <input type="text" value="Ms."/>	* First Name: <input type="text" value="Cheryl"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text" value="Hall-Russell"/>	
Suffix: <input type="text"/>	
Title: <input type="text" value="President & CEO"/>	
Organizational Affiliation: <input type="text"/>	
* Telephone Number: <input type="text" value="412-392-4403"/>	Fax Number: <input type="text" value="412-392-4462"/>
* Email: <input type="text" value="challrussell@hillhouse.org"/>	

Application for Federal Assistance SF-424

Version 02

9. Type of applicant 1: Select Applicant Type:

Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)

Type of applicant 2: Select Applicant Type:

Type of applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Administration for Children and Families - OCS

*** 11. Catalog of Federal Domestic Assistance Number:**

93.570

CDFA Title

Community Services Block Grant_Discretionary Awards

*** 12. Funding Opportunity Number:**

HHS-2012-ACF-OCS-EE-0274

* Title

Community Economic Development (CED) Projects

13. Competition Identification Number:

CS-EE-12-3002-014313

Title

Community Economic Development (CED) Projects

14. Areas Affected by Project (Cities, Counties, States, etc.):

*** 15. Areas Affected by Project (Cities, Counties, States, etc.):**

HILL DISTRICT/FOOD DESERT SHOP 'N SAVE SUPERMARKET

Attach supporting documents as specified in agency instructions.

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

* a. Applicant

* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date

* b. End Date:

18. Estimated Funding (\$):

* a. Federal

* b. Applicant:

* c. State:

* d. Local

* e. Other

* f. Program Income

* g. TOTAL

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372

* 20. Is the Applicant Delinquent on Any Federal Debt? (If "Yes", provide explanation.)

Yes No

*** 21. By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The List of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix

* First Name:

Middle Name:

* Last Name:

Suffix:

Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

*** Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

Upload #1

Applicant: HILL HOUSE ECONOMIC DEVELOPMENT CORPORATION
Application Number: EE12000148
Project Title: HILL DISTRICT/FOOD DESERT SHOP 'N SAVE SUPERMARKET
Status: Awarded
Document Title: ProjectNarrativeAttachments-Attachments-1237-
HHEDC_PROJECT_NARRATIVE_ATTACHMENT_FORM.pdf

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PROJECT SUMMARY/ABSTRACT

HILL DISTRICT SHOP 'N SAVE
Hill House Economic Development Corporation
1835 Centre Avenue, Pittsburgh, PA 15219
Phone: 412-434-6717.
challrussell@hillhouse.org
<http://www.hillhouse.org/>

Hill House Economic Development Corporation (HHEDC) proposes to use Office of Community Services (OCS) grant funds in the amount of \$800,000 to bring a desperately needed supermarket to the Hill District of Pittsburgh. The neighborhood has been declared a food desert by the local government and is the focus of a \$4 million dollar study being conducted by the RAND Corporation. In addition, the project has received a \$1 million grant from the Pennsylvania Fresh Food Financing Initiative (FFFI) which served as a model for the federal Healthy Food Financing Initiative (HFFI). The Pennsylvania FFFI is managed by The Reinvestment Fund of Philadelphia, which is a designated grant recipient of the U.S. Treasury's HFFI funding program. Hill House Economic Development Corporation has attracted a number of significantly sized grants from Pittsburgh's major foundations as well as private sector entities. The CDC has also attracted a successful, experienced operator of four Shop 'n Save supermarkets in the region with an affiliation to one of the nation's largest supermarket suppliers, SUPERVALU. SUPERVALU has aided the effort to bring a supermarket to our food desert through the provision of architectural services and through the location of used equipment from a prior affiliated store which will be available to our CDC at a dramatically reduced price.

Our neighborhood, at the heart of Pittsburgh's historic African American community, has been deprived of access to a full-service supermarket for 25 years and residents have been forced by the Hill District's topographical constraints to endure transportation challenges to reach the nearest major supermarket located across the river in another community. HHEDC has secured commitments from a grocery operator, Jeff Ross, to employ 100 people from the Hill and to derive referrals from the Hill District's employment training agency which is practically adjacent to the target site. **44** full-time positions will be established and preserved through the creation of our new Shop 'n Save supermarket. Fifty-six additional workers will begin as part-time baggers, cashiers and shelf-stockers. Full-time workers will benefit from union-agreed wages and benefits which will afford family-sustaining earnings and regular wage increases. Benefits will include medical, dental, visual and insurance. Part-time workers will also have access to varying benefits until they achieve post-probationary, full-time status.

With **65%** of households below the poverty line and over **26%** unemployment, the employment opportunities meet a critical need in the community, as does the access to healthy food. Not less than **75%** of the 44 full-time positions will be made available to low-income neighborhood residents. The cost per job will be **\$18,182**. Non-federal funding from local government, foundations, non-profits and private sector institutions will exceed **\$8.8 million**. The residents of the Hill District will be served by having an outstanding supermarket operator with experience in working in low-income communities and whose family commitments to the neighborhood extend well beyond the operation of their repeatedly successful supermarkets. Residents will, at last, be able to provide their families with the finest groceries at competitive prices.

CRITERION 1. OBJECTIVES AND NEED FOR ASSISTANCE

A. Project's Goals and Objectives Aligned with CED Program's Goals and Objectives

This application, from Hill House Economic Development Corporation (“HHEDC”), a community development corporation, seeks \$800,000 to complete the financing of the construction of a 36,000 sq. ft. building (the “Project”) where the major tenant will be a full service supermarket leasing 29,500 sq. ft. (the (“Supermarket”) in the Hill District neighborhood of Pittsburgh, Pennsylvania. Our low-income, high unemployment neighborhood has been without a grocery store for more than 25 years and has been determined by our local governmental agency to be a “food desert”. This agency, the Urban Redevelopment Authority, has also provided us with a grant of \$1,000,000.

The Hill District is a low-income neighborhood which has historically been the cultural center for the African-American community in Pittsburgh. Claude McKay, the Harlem renaissance poet, who at one point lived on the Hill called the Hill “the Crossroad of the World” and more recently many of the great playwright, August Wilson’s, plays take place on the Hill. At the moment the Project site (“Site”) is land that lies fallow as a result of Pittsburgh’s (the “City”) past urban renewal program.

In the supermarket alone, we are expecting that 44 permanent, full-time positions and 56 part-time jobs will be newly created and the Project will act as a catalyst for additional commercial development near the Site, exactly where the City’s master plan for the neighborhood (completed in 2011) has designated such commercial development should be placed . Please see Section B. below for more on the Greater Hill District Master Plan. The Project is thus very important to the City as well as the neighborhood. In fact, as will be more

fully discussed below, the Commonwealth of Pennsylvania, Allegheny County and many foundations are big contributors to our Project.

All are especially excited by the Supermarket's very experienced operator ("Operator"). The Operator, Jeff Ross, owns four other successful supermarkets in low-income areas of Pennsylvania. The four are all called Shop 'n Save. All Shop 'n Save stores get their groceries from SUPERVALU, a very well-known and experienced national chain which distributes food and other goods to its subsidiaries and related entities (like Shop 'n Save.) SUPERVALU also provides other services to its stores and has already undertaken the architecture for the Project and has helped the Project secure some used supermarket equipment at a very reasonable price. It will also help with advertising and other services when the Supermarket is opening. Both the Supermarket Market Study (submitted to HHEDC in November 2011 by the Retail Research Group) and the market Study performed by and on behalf of the Operator indicate that a Supermarket on the Site should do very well.

As described above, the Project's major goals and objectives are threefold: (1) bring a desperately needed supermarket to the Hill District, (2) provide full time permanent positions for the low-income residents of the neighborhood and (3) act as a catalyst for future commercial development in the area. As we understand it, the major goal of the Community Economic Development ("CED") program is to create employment and business development opportunities for low-income individuals while contributing to community revitalization. Thus, the Project's Goals and Objectives are clearly aligned with CED's Goals and Objectives.

Hill House Economic Development Corporation (HHEDC), is a CDC which is a tax exempt 501 (c)(3) organization whose mission includes promoting sustainable business growth, jobs for residents, affordable housing and other strategic investments that improve the quality of

life for low-income residents in the Hill District of Pittsburgh, Pennsylvania. One major mission of HHEDC now is to combat disproportionate unemployment for Hill residents as compared to the remainder of the City and to provide jobs in the neighborhood because residents have limited access to jobs elsewhere in the City. In recent years, in addition to trying to bring a supermarket to the Hill and a restarting of our efforts to provide low-income housing, we have focused on the acquisition and redevelopment of retail and office space so that we can attract tenants that either (a) meet the retail needs of the neighborhood or (b) are not-for-profits that meet the social needs of the neighborhood's residents.

Two other corporations will be discussed in this application. The first is HHEDC's related organization, the Hill House Association ("HHA"), discussed below in detail, which is particularly concerned with (a) jobs and social services for and (b) the education of the low-income residents of the Hill. HHA filed its Articles of Incorporation-Non-Profit on August 26, 1964. The HHA Articles state that the purpose "is to provide neighborhood development services in the Hill District of Pittsburgh,...by such means as mobilizing people in neighborhoods to help themselves, mobilizing public and private health, recreation and general welfare resources to maintain needed services in the area and to establish new services as needed, and giving guidance and leadership to special problem groups. This purpose shall be accomplished through deployment of specialized staff working in the area and through centrally located facilities related to such purpose." HHA is also a 501(c)(3) corporation pursuant to the Federal Tax Code.

The third relevant entity is Centre Heldman Plaza, LLC ("LLC"). LLC is managed by HHEDC. HHEDC is the only member of LLC and HHEDC is ultimately the only entity with an interest in LLC's assets. LLC will be the developer of the Project and ultimately have the title to

the Project Site with its new building and be the Landlord of the supermarket. LLC only exists legally to protect HHEDC from any losses as a result of the Project.

HHEDC was created in 1970 with the name Hill House Housing Development Corporation pursuant to Pennsylvania's Articles of Incorporation - Non-Profit by Hill House Association (HHA)-described in the next paragraph). HHEDC was formed to be in charge of HHA's low-income housing development program and to keep the riskier housing development program separate from HHA's many public service programs. In June of 2005, amended and restated Articles of Incorporation were filed by HHA which changed the name of HHHDC to Hill House Economic Development Corporation (HHEDC) which reflected the broadening of the corporate charitable purposes to include more kinds of economic development, including being a catalyst for jobs for low-income residents. This change was encouraged by community feedback. The amended Articles state that the purposes of the corporation are exclusively as follows: "(a) To undertake economic development activities within the meaning of section 501(c)(3) of the Code and to otherwise improve the quality of life of individuals living within the geographic regions served by the Hill House Association and (b) To make distributions to the Hill House Association in furtherance of the purposes set forth herein."

Please see Section B below for a full description of the Hill District of Pittsburgh and its many needs and Section B. of Criterion 3.0 Organizational Capacity for more information on HHA's wide and diverse social programs.

CDCs and community economic development in low-income areas have a long history in Pittsburgh. Several nationally recognized organizations with strategic development agendas for low-income neighborhoods have been focused on the Hill District. One is the Pittsburgh Community Reinvestment Group (PCRG), which is a tenant in One Hope Square, a building on

Centre Street owned by HHEDC. The Pittsburgh Partnership for Neighborhood Development (PPND), an intermediary and a Pennsylvania southwestern partner of LISC, is one of the sources of funds for this Project. HHEDC got a \$36,000 grant from PPND. HHEDC was also a partner with other area CDCs and with PPND in the Pittsburgh Central Collaborative (“Collaborative”), which was sponsored and coordinated by PPND and which Collaborative nurtures strategic revitalization .

B. Project Needed to Create [or Expand] Business and New Jobs

This Project is needed to create a vital new business and create new jobs on the Hill. The unemployment rate and the personal income of residents are described in Section D below. The RAND Corporation (“RAND”), which is in the midst of a major study of the Hill District (see more below on the study), has given us some data that indicates that the median household income on the Hill in 2009 was \$17,982* .

RAND’s preliminary data also showed that 91% of the Hill District residents are Black/African American; 53% have no access to a vehicle; 32% of families are below poverty, and 29% of Households are headed by females. Clearly new jobs for residents are crucial to the Hill. We will be working with both public and private agencies to assure that low-income residents are trained for and get the jobs to be created. The need for new businesses and jobs for residents was made clear in the crucial Greater Hill District Master Plan submitted in September, 2011. The MAP of the Hill District also clearly shows some of the major reasons why the Hill District is in such great need of a supermarket. On two sides, the Hill District is cut off from other parts of the City by two rivers, the Allegheny and the Monongahela (both of which are

* For all data cited from the RAND study please note that it is from the first round of the study and has not been formally reviewed and should not be cited or distributed without RAND’s permission. HHEDC has permission to quote the data here with cautious.

forks of the Ohio River). A huge cliff also separates the Hill District from other parts of the City.

For years, the residents of the Hill District of Pittsburgh needed a master plan that set forth goals and procedures that would make sure that the residents' disastrous experience of urban renewal in the 1960s. See below for the disastrous history of urban renewal on the Hill. Many partial plans were created but they weren't always in agreement with one another. Thus, everyone ultimately concluded that there was a need for a master plan that took account of the earlier studies and that involved all residents and other stakeholders. The master plan for the Greater Hill District of the City was funded by Allegheny County, Heinz Endowments, the Pennsylvania Department of Community and Economic Development and the Pittsburgh Community Foundation. The Chair of the Management Committee was R. Daniel Lavelle, the City Councilman for District 6. The area covered is all of the Hill District, Uptown and small parts of West Oakland. The Final Report, entitled The Greater Hill District Master Plan (the "Master Plan") was submitted in September of 2011. It was prepared by Sasaki Associates, Inc. and Stull & Lee, Inc. The Master Plan was the end product of appropriating elements from existing plans, finding of new data and gathering input from community meetings and neighborhood tours. An early draft was made available to residents, businesses, governmental agencies, civic groups, community leaders, churches and foundations on the internet. The Master Plan was truly a collaborative effort of all of the above stakeholders, all of whom devoted their time, energy and commitment to its development. Thus the final Master Plan reflects the needs and desires of a community seeking a healthy environment and improved quality of life, including a supermarket and jobs for residents.

The Master Plan Management Committee included, the Hill District Consensus Group, the CBA Steering Committee, HHA, HHEDC, Crawford Square Homeowners, Ujamaa Collective, , Find the Rivers, Keystone Innovation Zone, Uptown Partners, Wesley A.M.E. Charities, Heinz Endowments, the Pittsburgh Foundation, Allegheny County, the State House of Representatives, the Mayor's Office, the Pittsburgh City Council, the Pittsburgh Department of City Planning, the Housing Authority of the City of Pittsburgh and the Urban Redevelopment Authority . With ongoing guidance and feedback from these many entities, the Master Plan is informed by the development principles, non-displacement strategies, strategies for reclaiming the Lower Hill and other community goals.

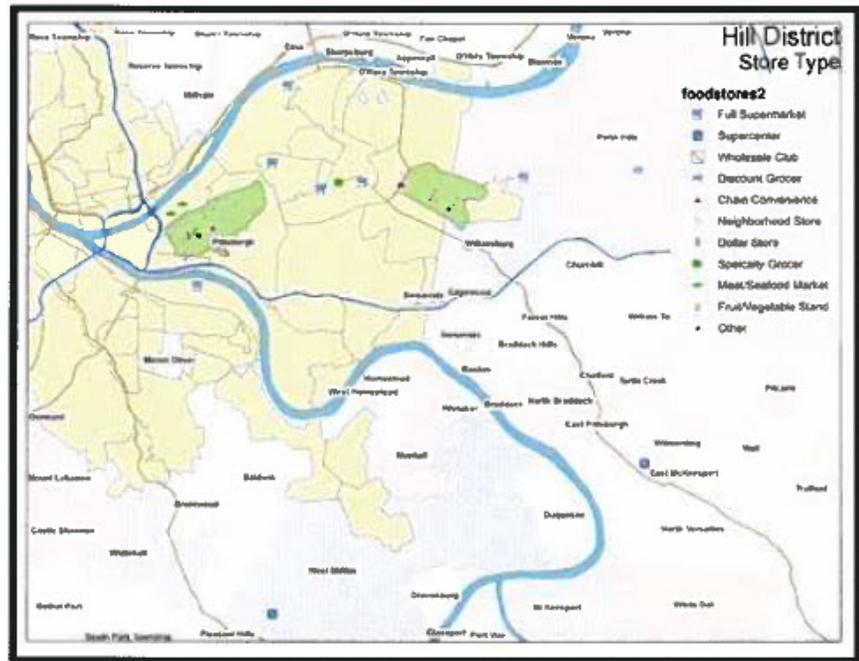
The intent of the master planning effort was to ensure that the resulting neighborhood plan reflected the vision Hill District residents and other neighborhood stakeholders have for the revitalization of this important historic neighborhood. And it is indeed an historic neighborhood. As stated in the Master Plan Request For Proposals, it is important to note that “the Hill District has contributed greatly to the city's history and remains as a center of Pittsburgh's African American culture.”

The Hill District's rich history includes powerful stories of African-American life from the revolutionary war forward. Some of its first inhabitants were black soldiers in the Army of General John Forbes. A large influx of African-Americans continued to come after the Civil War and through World War II as part of the Great Migration. They came for the booming mills. Through the early 1800s to the late 1930's the Lower Hill was a center for abolition, Black Nationalism and black political advocacy. It was a hub for the Underground Railroad.

A phenomenal Jazz scene flourished here in the 1940's and 1950's. Jazz greats like Miles Davis and Charlie Mingus, among many others, played in the Hill's clubs on a regular basis and

the neighborhood became known as “Little Harlem”. At the same time, many of the neighborhood’s buildings had become worn out due to overcrowding and age. The Hill was excluded from the post-war housing boom by banks practicing mortgage redlining. From 1940 on the majority of residents in the Hill District have been African-American. The principal government responses to the deteriorated housing stock on the Hill were large-scale demolition of housing,

construction of public housing projects and urban renewal. In the 1950’s and 1960’s much of the Lower Hill was demolished to make way for a planned cultural district for more affluent



Pittsburghers. 1300 buildings of 95 acres of land were demolished. 413 businesses and over 8,000 residents were forced to relocate, receiving little to no compensation. The Hill District also lost its commercial core, much of its population and its connection to Downtown Pittsburgh. If it was left isolated, disconnected from job opportunities and starved for capital investment. The Master Plan Strategies are designed to ensure that the Hill is redeveloped in a way that reintegrates the area into the cultural fabric of the community, provides housing and employment

opportunities for Hill District residents, and serves as a catalyst for market-driven investment throughout the neighborhood.

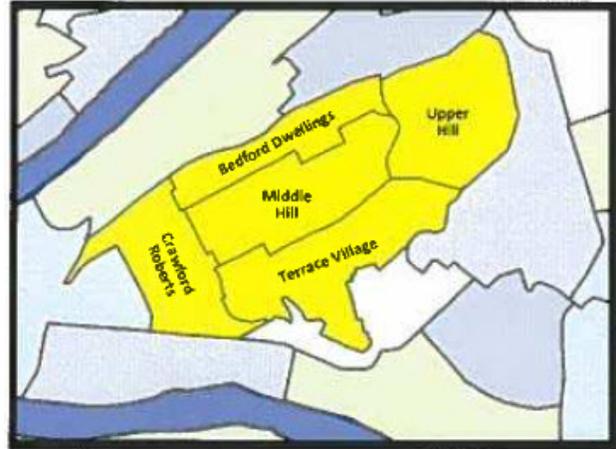
One of the most important things to remember about the Master Plan is that the plan assumed that by the end of 2012, the HHEDC supermarket building would have been completed. Thus, it was an assumption of the Master Plan and not a suggestion of the Master Plan. In fact our earliest efforts to begin construction of the Project began during the writing of the Master Plan, when the site was cleared and the ground was broken for underground utility work (which was completed). After that there were some delays, but we are now back on track. In the meantime, CM Solutions, LLC, a minority-owned construction management firm (described below) was given a contract as the new Owner's Representative for the Project and Robert C. Farmer was hired, through his company, Sphinx Group LLC, to be the day-to-day internal project administrator in a role equivalent to a full time employee of HHEDC. He works from HHEDC's Centre Avenue office. We have yet to make a final selection of the General Contractor for the Project, but this will be done when we know that the \$800,000 grant is coming.

C. Addresses Personal and Community Barriers

For at least 25 years, the Hill District has needed a full-service supermarket. As can be seen, attempting to bring a full service supermarket to the Hill District is not an easy undertaking. Standard funding has not been available from the banks and not many supermarket chains are willing to take a chance on locating in this underserved neighborhood. In fact as an incentive to the supermarket Operator, we have agreed to provide much of the needed supermarket equipment from our funds and have given them an option to acquire the equipment at a later date. It has been necessary to bring together many resources from throughout the City,

County and State (including governmental and foundational support) to make this construction Project a reality and it is a clear demonstration of how to create a successful, needed business in the neighborhood.

The Project will also provide permanent full time jobs for low-income residents of the Hill District as well as part-time “beginning” jobs, especially for younger residents. The Operator has an excellent record of promoting from within and of making every effort to upgrade part time employees to full



time employees over the years. The Project is in a location where many residents will be able to find a way to shop there and to work there. As we will be working with HHA, other private organizations and public agencies we will assure that the jobs will go to the targeted low-income population .The Lease with Shop ‘n Save requires that they try to obtain their employees (except the top managers) only through the use of First Source-Center, a non-profit employment agency which will find and refer low-income resident job applicants. If we change or add an agency to do this, the Lease requires the Operator to use the designated agency(ies). The language on hiring local residents is in the Lease in the Appendices

Geographic Location and Project’s Service Area

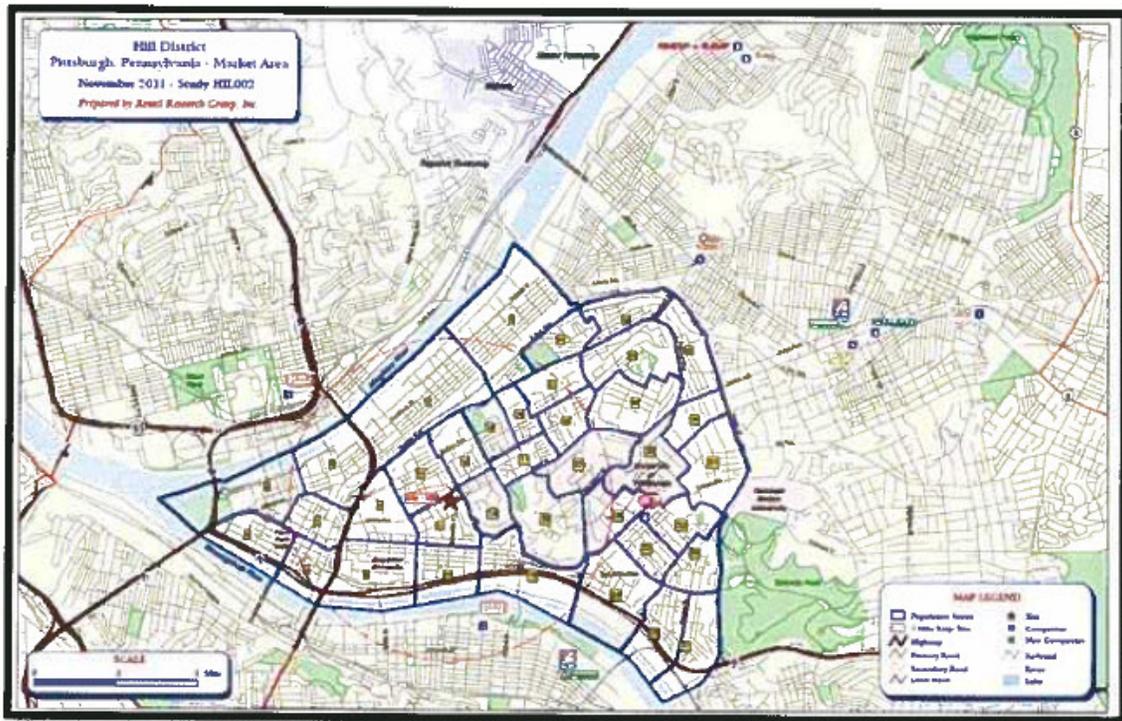
There are two geographical areas relevant to this Project proposal. One is the service area of both HHA and HHEDC, where their activities are focused. This is the Hill District itself, which shall be called the Service Area. The Project Site is in the Service Area. The other is the primary trade area (PTA) for the supermarket described in the supermarket study, described just

below. The Hill District's Service Area consists of five neighborhoods, namely: (a) Bedford Dwelling, (b) Crawford-Roberts, (c) Middle Hill, (d) Terrace Village and (f) the Upper Hill.

The second relevant geographical area is the primary trade area (PTA) of the supermarket as described in the market study for the supermarket (Market Study) prepared by the Retail Research Group, Inc., an international supermarket analysis company.

[The Project's architect was the SUPERVALU Store Design Services from Eden Prairie, MN.]

The Market Study was submitted in November of 2011 and was an update of an earlier study done by the Retail Research Group for HHEDC in 2009. The latest study takes account of the changes to the supply and demand sides of the market area since 2009, changes to the size of the planned supermarket (Shop 'n Save) and to project the impact of planned new housing developments. For example, the Rights by Nature grocery store in the Strip District neighborhood (a part of the PTA and not the Service Area) has closed, housing and other development has occurred in the Hill District and conceptual projects have moved into the advanced planning stages. The new study also makes use of the 2010 US Census Redistricting Data at the Census Block level. The PTA surrounding the Project Site (east corner of Centre Avenue and Heldman Street in the Hill District) is shown on the following map.



Clearly the PTA is larger than the Hill District and includes the Downtown area and the Strip District, neither of which have a supermarket. The Market Study states “Consideration was given in defining the PTA to the lack of competitors directly serving the area, allowing for the Downtown area and the Strip District to be included in the PTA . Additionally, the presence of geographic and man-made barriers, traffic flow, the locations of other shopping alternatives, and population density were considered when defining the PTA. The residents of the PTA are on average a bit richer and more mixed in terms of race. But both these facts are good for the new supermarket’s viability while still making the Hill District the primary beneficiary of the supermarket Business coming from persons residing outside the PTA has been accounted for in the level of beyond sales (draw) assigned to each store included in the study.” The Market Study indicates that in the PTA, Blacks are 52.30% of the population, Whites are 28.2 7% of the population and Asians are 13.01% of the population. The PTA is divided into 37 sectors (some

of them outside of the Hill District where the Market Study indicates that residents of such higher income areas will still come to the Supermarket. The Market Study indicates that the average household income in the PTA is \$32,189 (from \$12,159 in Sector 14 to \$44,845 in downtown Sector 1). In fact the average household income of 10 sectors is below \$18,000. The Black population percentage ranges from 7.94% in Sector 36 (not the Hill District) to 89.20% in Sector 13 (in the Hill District). In 11 Sectors the percentage of Blacks is 80% or higher.

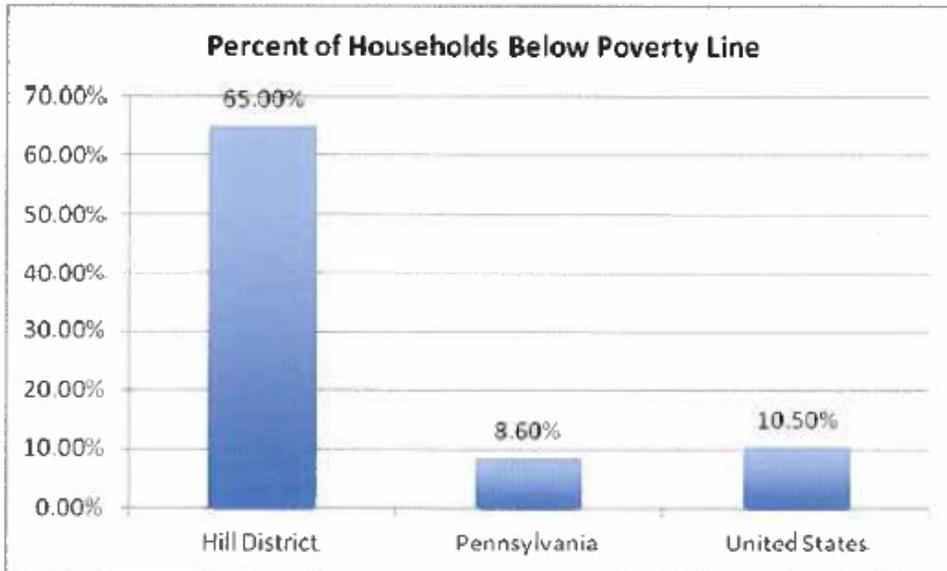
As can be seen from the above data and maps, the Project will meet the program’s objectives by serving a low-income neighborhood with high unemployment through the creation of employment and business opportunities within the Service Area. The remainder of this application demonstrates that we have a sound business plan with a solid financial strategy and a strong implementation plan.

D. Unemployment and Poverty Rates

Indicia (2010)	Hill District	Pennsylvania	United States
Unemployment	26.68%	7.50%	8.20%
Median HH Income	\$20,768	\$50,398	\$51,914
Percent of Households Below Poverty Line	65.00%	8.60%	10.50%
Percent Black or African American	95.11%	10.80%	12.60%
Source: American Community Survey 2006-2010; U.S. Census Bureau 2010; 2010 ESRI US Diversity Index; PGHSNAP			

The Federal Poverty Guidelines state that a low-income individual is an individual with income of \$13,962.50 or less. For a two-person household, the low-income household would be one with \$18,912.50 or less. Three person households could earn up to \$23,862.50. In the Hill district, the median household income is \$20,768 as compared to \$50,398 in Pennsylvania and \$51,914 in the U.S. The percentage of households below the poverty line on the Hill is 26.68%

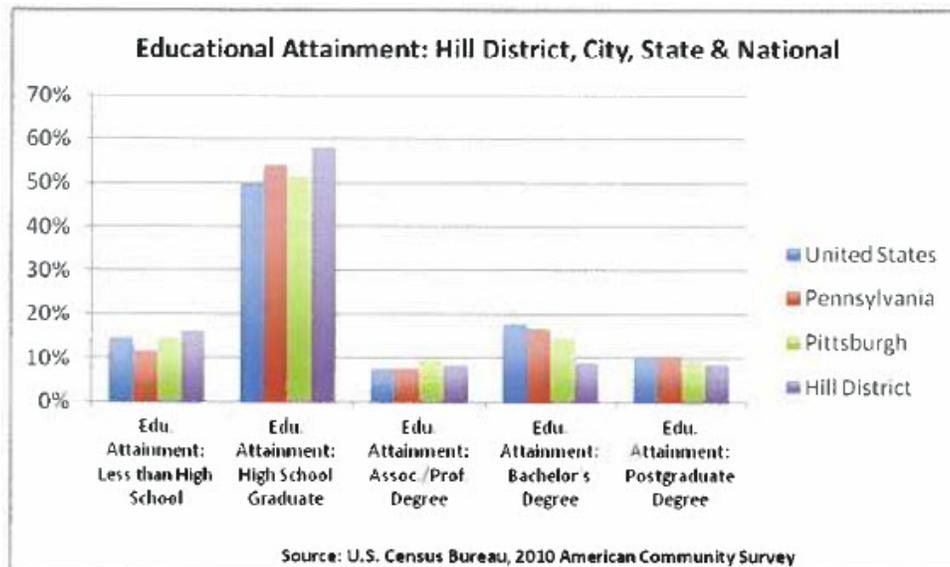
as contrasted to 8.60% for Pennsylvania and 10.50% in the United States.



Source: U.S. Census Bureau, 2010 American Community Survey

Thus the Hill District is a very low-income neighborhood, with many residents living below the Federal Poverty Guidelines and where unemployment is a serious problem.

In July of 2011 members of the University of Pittsburgh’s Program in Urban and Regional Analysis published “City of Pittsburgh Neighborhood Profiles” using data from the 2010 census. The Hill District includes 5 of the 91 neighborhoods in Pittsburgh. All of these 5 areas were ranked in the upper 25th percentile with respect to the percentage of the population identified as “Black Alone”. The District’s Middle Hill neighborhood is ranked 3rd in the City with 94.3% of residents identifying as “Black Alone”. As reported in American Community Survey data for 2010, this contrasts starkly with Pennsylvania’s racial composition showing only 10.8% as Black/African American and with the national racial composition indicating 12.6% as Black/African American.



The RAND study (discussed above and below) found that 49.83 % of the Hill District’s households have had at least one member of the household receiving food stamps at some point in the last 12 months¹.

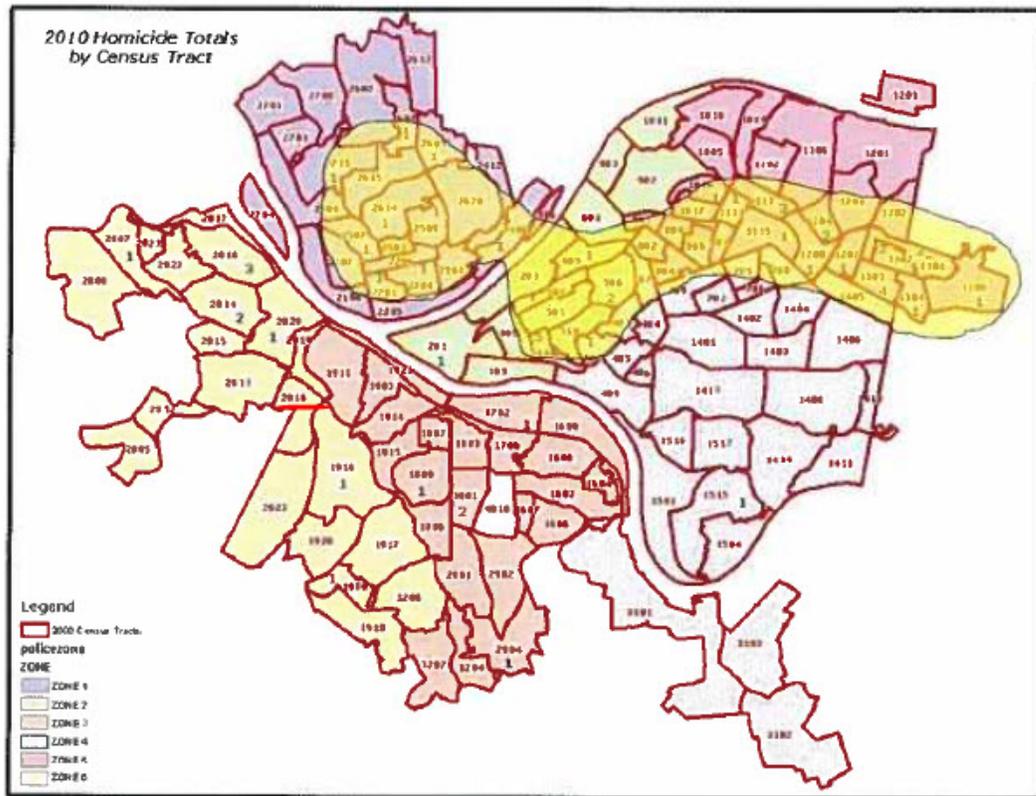
Again from the 2010 American Community Survey, the data shows that the Hill District has a greater number of residents that have less than a high school diploma than the City, the State and the United States. Similarly, the statistics for educational attainment indicate that the Hill District has a lower percentage of residents attaining a Bachelor’s Degree than the percentages in Pittsburgh as a whole, Pennsylvania and the United States.

In the Pittsburgh Department of Public Safety’s annual report for 2010, the Hill District was identified as part of a continuous swath of neighborhoods in which the majority (68.4%) of the City’s homicides occur. In addition, about 65% of households feel unsafe because there is a neighborhood crime problem and over 60% feel that violence is a problem. Thus crime is a difficult issue for residents on the Hill.

¹ For more data on health problems or residents on the Hill and more about our Food Desert, please see the first BONUS POINT section at the end of this application.

Chart: The City of Pittsburgh, Department of Public Safety, Bureau of Police “Annual Report 2010”

Homicide – by location: Most homicides (68.4%) in the City occurred in an area starting in Pittsburgh’s Northside extending through the Hill District going through East Liberty & Homewood and ending in the East Hills.



CRITERION 2. BUSINESS PLAN - PROJECT IMPLEMENTATION

A. Overall Approach to Project

We are well qualified to fully implement our construction Project as proposed. The Project has been planned for years and we are thrilled that all the necessary forces have at last come together. HHEDC has learned a great deal during the planning process and is now fully prepared to deal with whatever construction problems arise in the future. The internal director for the Project has years of experience in financing and development. We have also contracted

with a professional corporation with a lot of experience in preparing budgets for and in monitoring construction. In addition we have a signed contract with an experienced CDC partner, East Liberty Development, Inc. (“ELDI) to assist and consult with us as necessary. ELDI has had several OCS grants and has already developed a supermarket. Site control was obtained in 2010. Construction drawings are in our hands. Once we receive notice of the grant, we will finalize the choice of the General Contractor for the Project from the bids we are soliciting.

The business plan is very clear. The Project will result in the construction of a new 36,000 sq. ft. building where 29,500 sq. ft will be used as a supermarket. The remainder of the space is designed for other retail operations. The Market Study concludes that the supermarket has an excellent chance of succeeding. The supermarket will provide 44 full time, permanent jobs and 56 part time jobs. (We only count full-time positions with respect to OCS job creation formulas.) All jobs will be new in the Hill District. The Project will be wholly owned by Centre Heldman Plaza, LLC (“LLC”). The 29,500 sq. ft space is leased by LLC to ROSS MARKET, LLC, d/b/a Ross’s Centre Avenue Shop (the “Lease”). The final name of the Supermarket may use the brand “Shop ‘n Save” in the name of the market.

As we have already stated the Operator of the Supermarket has four other successful markets in low-income areas of Pennsylvania and the Shop ‘n Save chain is a part of the SUPERVALU network. Thus, we know that the Supermarket will be well run. See Appendices for the Lease. The Lease has been amended to leave more time for the construction of the Project. On the first page of the Lease, there are the following key provisions : (1) WHEREAS, the Landlord and Urban Redevelopment Authority (“URA”) have diligently pursued good faith efforts to establish within the Hill District a grocery store, pursuant to the Hill District Master

Plan and (2) WHEREAS, the Landlord has determined that Tenant is willing to adopt certain principles governing the opening and operation of a grocery store in the Hill District including good faith efforts to ensure that: (a) Tenant shall use the Hill District First Source Center, or such other referral agency as may be agreed to by the Landlord, to secure referrals of applicants that are Hill District residents for jobs created at the grocery store; (b) The Tenant shall provide a range of healthful and affordable foods for Hill District residents; and (c) The grocery store is a full service grocery store that contains a minimum size of 25,000 square feet. There is Fixed Rent starting at \$4.35 per sq .ft., which increases over time. Also, after the third year, there is a Percentage Rent calculation. Tenant is to pay its Pro Rata share (81.02%) of Landlord's real estate taxes on the Project as well as its pro rata share of Common Area Charges. Tenant pays all utilities and must maintain the interior of the space. The Quarterly Milestone Chart below indicates how the new supermarket jobs will be filled by low-income residents.

Narrative Description of Timeline

As the timeline included in the appendices shows, substantial work has already been completed for the Project. A long process of community input and feedback is over. A Hill District Master Plan is complete, an updated Market Study for the supermarket was obtained and a Lease was signed with an experienced supermarket Operator. The Land has been acquired and the underground work has been completed. All construction plans have been completed. Construction permits were obtained. The critical public, private and philanthropic funding (grants and loans) has been committed to the Project and we have received and spent some of these funds to do the above work. As can be seen, this Project has experienced some delays, but now the pieces are coming together. We can begin to draw down the remaining funds once OCS

notifies us that the OCS grant is awarded. After that construction can begin in earnest and it is expected to continue for 14 months.

When construction is completed the Supermarket will occupy the space and will open within weeks. Our CDC and the Operator will begin three months earlier to prepare for outreach, referrals and training programs to be in place in a timely manner. The Operator has stated that he will begin training some supervisory personnel in his other 4 stores in other parts of the State for up to 4 weeks as the opening date draws near. Training for all other positions will begin at least two weeks before opening and will occur locally. Obviously the Operator will continue during the term of the Lease to hire and train as necessary. Publicity for the supermarket opening will begin at least one month in advance. All projected positions will be filled within three months of the opening of the supermarket. Over time, as sales increase, we expect additional positions will be opened.

Positions Created are in Viable Industry and Sustainable

As stated, the Project is the construction of a building with a supermarket as the major tenant. One of the most important community supported “economic empowerment and commercial development goals” of The Greater Hill District Master Plan (Master Plan) is to “restore commercial vibrancy and strength by concentrating market demand and resources” to Centre Avenue as a great “main street”. An assumption of The Master Plan was that HHEDC would construct a building that had a desperately needed Supermarket as its major tenant. A Supermarket will occupy 29,500 of the building’s space. There is a second signed lease for 1,000 sq. ft. Cricket (a wireless provider) may be the occupier of this space as it a subsidiary of the second tenant. Potential tenants for the remainder of the space will be sought as the Project comes closer to completion.

Because the Project is the construction of a building, there are numerous potential risks, if not of failure, then of delay. We are well aware of these risks and it is why we have added resources to our staff through consultants. We have contracted with CM Solutions, LLC (discussed elsewhere) to do daily monitoring of the construction site. They will meet with us at least twice a week and whenever a larger issue looms. For instance, we may not be able to stop a strike but we will have good advice on how to handle it. More usual problems such as delays in obtaining necessary construction materials will be handled in the same way. Good oversight prevents many minor problems from becoming serious.

Certainly supermarkets are a viable and sustainable industry. The only question then is whether the Centre Avenue supermarket is in a viable location. That question was answered by the latest complete supermarket Market Study which concluded that the supermarket would be viable. This conclusion is confirmed by the fact that we have a commitment from Jeff Ross whose corporation has already signed a lease. His family owns four other Shop 'n Save supermarkets in low-income neighborhoods in Pennsylvania. Thus, everything we know at this time leads us to believe that the supermarket positions are viable and sustainable. We also believe that the positions in the remainder of the Project will also be viable no matter who (over time) are the remaining tenants.

The Supermarket is expected to be a catalyst for commercial and community development which will make the supermarket even more of an important destination and more of a success. Already the Duquesne University Community Pharmacy has now opened in the Triangle Shops abutting the supermarket site. In addition, the YMCA has a facility under construction just east of the site on Centre Avenue. The pharmacy and YMCA will add to the overall attraction of the area and will help generate daytime demand near the planned

supermarket. In fact the Pharmacy and YMCA will share 186 parking spaces with the Project. As an aside, we note that Shannon Ross, the Operator's daughter, has already committed herself to be a part of the community by volunteering to be on the board of the YMCA. Other nearby projects that will contribute to daytime demand are the Conelly Trade School and the Miller School commercial redevelopments. In any case, the Market Study completed in November 2011, indicates that the supermarket is viable and thus that the jobs in the supermarket will be viable over the long term.

C. Market Research

As already stated, a Market Study was completed in November 2011 by the Retail Research Group. This study is an update of one performed in December 2009 by the same firm. The update uses 2010 Census data and takes account of the changes to the supply and demand sides of the market area since 2009 as well as changes in the size of the planned Shop 'n Save. In estimating the sales potential for the Shop 'n Save, the study estimates the current and future population (new and planned housing developments- discussed below) and the demographic composition for each of the population sectors located within the defined primary trade area (PTA) for the supermarket. The Market Study estimates the sales potential for the planned Shop 'n Save supermarket at the subject site.

The current and future population has been estimated and the demographic composition tabulated for each of the population sectors in the PTA. Calculations were made to estimate the amount each household would spend on groceries each week. All of the supermarket competitors that affect the PTA have been identified and were evaluated with regard to their relative strengths and weaknesses. The authors of the Market Study determined that there are a small number of local convenience stores but found that they would have no impact on the success of

the Supermarket. Weekly sales projections for the planned supermarket have been generated and its impact on the sales of the existing competitors included in the study has been calculated.

Competition

As stated above all of the supermarket competitors that might affect the PTA have been identified and evaluated. Of the nine supermarkets in the Study, none of them are in the Hill District and only one is within 1 mile of the Project Site. This supermarket cannot be reached without crossing a river and taking multiple bus trips. The impact of the new supermarket on the identified supermarket competitors has also been calculated. As stated in the Market Study “all of the identified competitors are located on the periphery” of the Primary Trade Area (PTA), which is where the Study expects shoppers to come from, and the PTA is larger than the Hill District. Thus these supermarkets are really inaccessible to Hill District residents. In addition, limited public transportation to these peripheral sites was also a factor. Some of their locations require a shopper to make more than one bus transfer and/or to cross a bridge over one of the two rivers. Further the Market Study states that “because of traffic congestion and geographic constraints (especially the rivers) travel time to these supermarkets can be long, especially given the number of local residents that utilize public transportation”. It also states that “It is therefore anticipated that the eagerly awaited opening of the planned Shop ‘n Save will be very well accepted by local residents.”

Anticipated Market

The demographic highlights of the primary trade area (PTA) are as follows: The PTA is primarily Black with White and Asian populations also present. The PTA as a whole is 52.30% Black, 28.27% White and 13.85% Asian. The Hill District portion of the PTA contains the highest percentage of Blacks while the downtown area, the Strip District and neighborhoods near

the University of Pittsburgh have a more diverse demographic mix. The PTA consists primarily of low to mid-level household incomes. The Per Capita Expenditures on a weekly basis for food and goods at a supermarket have been calculated. The current population in the PTA is 44,621. The average weekly per capita expenditure, \$39.72, ranges from a high of \$59.74 in Sector 2 to a low of \$19.63 in Sector 29 (where the University of Pittsburgh is located).

Please note that the Hill District is only a part of the Primary Trade Area (PTA), which PTA includes portions of neighborhoods with higher incomes that the Market Study authors believe will shop in the new supermarket. The total grocery store potential of the PTA is \$1,772,253 weekly. Of this potential the nine supermarkets surveyed are currently capturing \$1,138,050 or a 64.21% share. The total float, which consists of convenience stores, Target, minor facilities and leakage to stores located outside the PTA is \$634,203 (35.79%). The Market Study calculates how much of this float and how much of the other supermarkets' sales will go the new Supermarket. The Market Study projects that at the end of the first year of operation the new Supermarket should be making a profit with weekly sales of \$302,797 and a sales per square foot of 10.26, while at the end of the 3rd year there should be weekly sales of \$363,857 and a sales per square foot of 12.33. All amounts are in 2011 dollars and no inflation is assumed.

Share and Sales

The Market Study shows that by the end of the first year of operation, sales should be \$302,97 per week, which represents 15.86% of the potential market. A market study done by the Operator is reflected in the Operator's Pro Forma which compares this new site with his other four sites. This Pro Forma is in the Appendices and it shows that the net income (after taxes) is positive after the first quarter of operations and that the net income after the end of the third year of operations will have more than tripled.

Market Segment

The Supermarket will be full service and will be stocked with meat, produce and other food staples with a particular sensitivity to healthy food availability and information sharing in accordance with the Pennsylvania Fresh Food Financing Initiative. There will be a bakery and a hot/cold deli with seating. Cleaning and beauty aids will also be available. It will be the only such store within the PTA.

Market Size

According to the Market Study the population estimates generated for the study are based on block level statistics from the 2000 Census updated with the 2010 block level redistricting data issued by the U.S. Census Bureau (this excludes persons residing in institutional and some non-institutional group quarters.) These estimates have been updated to current 2011 levels using actual housing inventory, Google Earth 2010 aerials and postal delivery statistical information to the Zip-code plus-4 level for April 2011 provided by Popstats. Future population estimates reflect areas with active and planned residential construction as confirmed through RRG's field inventory and their conversations with local government officials and economic development representatives.

Customer Base

The current population in the PTA is 44,621. This is the customer base. "Much of the projected future population increase in the PTA is attributed to several nearby development projects. The largest of these developments is the planned redevelopment of the Mellon Arena in the Lower Hill District. This redevelopment will include approximately 1,200 residential units." The redevelopment of Addison Terrace, the Dinwiddie townhome project and the HHEDC Middle Hill development are also among the contributors to future population growth. "All of

these projects will be within a modest walking distance of the planned Shop ‘n Save.” Other notable projects in nearby areas include new dorms for the University of Pittsburgh and Duquesne University, as well as multiple planned apartments and condos in the downtown area and Strip District. In recent years, the data showed that the population of the Hill District was decreasing. However, the 2010 Census Redistricting data show that population in the defined PTA has stabilized and is actually beginning to grow after years of decline.

The Market Study makes certain assumptions about the new supermarket as follows:

- 1) The supermarket will incorporate the latest innovations of layout and design typical of modern, full-line supermarkets. The store will include meat, produce, hot/cold service deli, and bakery departments.
- 2) Operational, pricing and advertising policies for the Shop ‘n Save will be competitive with those currently employed by the supermarkets currently operating on the more distant periphery, such as Giant Eagle and Shur Save.
- 3) An aggressive community awareness/advertising campaign will be conducted prior-to and post opening of the store;
- 4) PTA area shoppers will be provided with adequate, convenient parking. The 186 shared parking spaces currently planned appear adequate.
- 5) The store will be open from at least 7:00 a.m. to 11:00 p.m. daily.
- 6) No new supermarket that might impact the PTA will open. All sales projections are in constant 2011 dollars.

The conclusion of the Market Study is that the Shop ‘n Save should be successful and ends by saying “It is therefore anticipated that the eagerly awaited opening of the planned Shop ‘n Save will be very well accepted by local residents.” It further states “In essence, the Hill District and downtown area have been food deserts for a considerable period of time. As the market now stands, only the very small grocery, the Market on Forbes IGA, near the

University of Pittsburgh is located within the primary trade area boundaries. When the Right by Nature grocery store, located in the Strip District, closed in April 2011, it further exacerbated the condition of the market being significantly under-served by grocery stores.”

Market Trends

Groceries and related products are necessities of life. Thus, the only variable is how much of the Primary Target Area’s collective available supermarket spending can be captured by the new Supermarket. If the weekly sales and volume per sq. ft. of market space is enough, the Supermarket will succeed. Both the HHEDC Market Study and the Operator’s internal market study conclude that the Supermarket should succeed. As the population of the PTA increases over time the supermarket sales will increase. Also all projected dollars are in terms of 2011 dollars. Inflation will increase the sales amounts over time.

In addition, Standard & Poor’s Industry Survey of Supermarkets & Drugstores on January 26, 2012 (the “Industry Survey”) states that at present food retailers are focusing on small format stores (such as our 29,500 sq. ft. grocery) because they are quicker to break-even and are more profitable. SUPERVALU (our Operator is connected to them) is cited as a chain focusing on these stores. SUPERVALU is also cited in the Industry Survey as a chain seeking to place 250 stores in Food Deserts in the next 5 years and that as of October, 2011, it already had 400 stores in food deserts.

D. Recruitment Strategy and Tracking System

We are planning to have a sound and feasible recruitment strategy and tracking system to obtain and document low-income referrals from social service agencies, including the First Source Center located across the street from us. We will also enter into agreements with a local Child Support Enforcement agency for referral of eligible non-custodial parents and with

Pittsburgh's local TANF agency. In addition, it is required in the supermarket Lease that the supermarket hire low-income residents and track their employment history. The supermarket must report to us quarterly on these issues. They are totally committed to cooperate with us on our recruitment strategy and tracking system. We are committed to assuring that 75% of the new positions will be filled by TANF recipients or other low-income individuals (at or below 125 percent of the Federal poverty level). We will also focus on serving those who are unemployed, at-risk youth, custodial and non-custodial parents, residents of public housing, persons with disabilities, persons who are homeless and individuals transitioning from incarceration back into the community. HHA with its many Campus Partners will assist us in this endeavor. We will count the number of positions created and not the number of individuals hired to fill them over the course of the grant.

E. Federal Evaluation Participation and Compliance

HHEDC agrees to fully participate in all Federal evaluations if selected to do so and will follow all evaluation protocols established by ACF/OCS or its designee contractor.

F. Securing of Physical Facility and Equipment

We will comply with all Federal Regulations pertaining to the bidding and/or acquisition of equipment and physical facilities. The Project Site was acquired from the Urban Redevelopment Authority (URA) at a low price that took account of the 501(c)(3) status of HHEDC and the importance of the Project to the City. In addition, the URA lent enough money to HHEDC to pay for the acquisition on very patient terms and gave us a grant of \$1,000,000.

We will also comply with all Federal Regulations pertaining to the bidding and/or acquisition of equipment. Some of the supermarket equipment is already under a purchase agreement. This equipment is second hand and was acquired with the assistance of a brokerage

firm that arranges for sales of used equipment from closing stores. It was inspected by a SUPERVALU consultant and has been deemed in very good condition for the Project. We are to pay \$211,150 for equipment that is worth over seven figures if new. With the assistance of SUPERVALU we are searching for any other good quality second-hand equipment we can purchase, while budgeting for the remaining equipment to be at retail prices. Obviously, we will get multiple competitive bids before purchasing any new equipment.

The title to the land on which the Project is to be built is in the name of HHEDC and is subject to the oversight of the Urban Redevelopment Authority, which is one of our pivotal funders. See Appendices for a copy of the Deed and Lease between LLC and Ross Market.

G. New Positions Created for Achieving Self-Sufficiency

We have been told by the Operator that there are about 100 employees projected to be in his store and that this is about right for a supermarket that is near the size of the one in our Project. He projects that about 44 of the new employees will be in full-time positions of 30 hours or more per week, while part time positions should number about 56. A list of the positions with a short description of the job duties is in the Appendices. Included are a Store Director, an Assistant Store Director, an Office Manager, Retail Sales Merchandiser, Produce Manager, Grocery Manager, Bakery Manager, Bakery Assistant Manager, Deli Manager, Assistant Deli Manager, Meat Manager, Frozen Foods Manager, Front End Manager, Fish Clerks, Meat Clerks, Bakery Clerks, Deli Clerks, Back Room Receiver, Night Crew Supervisor (Head Stoker), Baggers, Cashiers, Stockers, Meat Cleanup Associate and Maintenance Personnel (inside and in the parking lot). Except for the Store Manager, most positions are filled with more than one person because supermarkets have at least two shifts. These positions are further described in our Appendices.

We expect that there will be at least 44 full-time positions and another 56 part-time jobs. There is no minimum generalized educational requirement for job applicants, except that managers must have some experience in skills needed for the positions. That experience may be obtained in-house and most of the managers in the Operator's other supermarkets have been promoted from within.

Appropriate for Project

The above positions are not only appropriate for the Project's Supermarket; they are appropriate for the Hill District neighborhoods because so many of the jobs do not require any formal education degree, most do not require much experience and many can be filled with trainees to start. The Operator's other 4 stores hire mostly from the neighborhoods in which they are sited. The Operator's Lease requires the Operator to hire all new employees (except for a few higher level managers) with the public employment agency of HHEDC's choice. The Operator often gets new employees in its other stores referred from public employment agencies.

Starting Wages

Our Operator's other four stores are unionized. The union he has contracts with is the United Food & Commercial Workers. The Operator describes average wages as approximately (b) (6) which includes part-time workers. In addition, we are using the U.S. Bureau of Labor Statistics from May 2011 National Industry-Specific Occupational Employment and Wage Estimates for Grocery Stores (NAICS 445100). At the low end, median hourly wages for cashiers are (b) (6) for grocery store half shelf stockers it is (b) (6) for employees engaged in food processing (such as those in the meat department) it is \$12.02; and for food preparation and serving it is (b) (6) Bakers earn (b) (6) butchers and meat cutters earn (b) (6) poultry and fish cutters and trimmers earn (b) (6) Wages of cashiers, baggers and stockers are at entry level in the

beginning. All wages increase as the employees' experience increases. In general, starting after 60 days, hourly wages increase by 10-15 cents an hour every six months. All other salaries start at levels comparable with other starting salaries in other Pittsburgh supermarkets. The above U.S. Bureau of Labor statistics indicate that the hourly median wage for first line supervisors of retail sales workers is (b) (6). Salaries for managers vary with what is being managed. For instance, Food Service Managers may earn (b) (6). General and Operations Managers typically earn (b) (6).

Wage/Salary Growth Opportunities

Wages and salaries grow over the years and because the Operator tries very hard to keep and provide additional training for employees (including part-time employees) with talent and initiative to move up the ladder to management positions, the Operator's salaries are designed to attract and retain such employees. For example, Chris Kiral started at age 18 in 2006 at the Operator's McKeesport store as a stock boy. Within 3 years (2009) he had moved up to Assistant Manager, a position he still holds.

Employee Benefits

The Operator's Pro Forma shows a line item for employee benefits. It should be noted that the other four Operator supermarkets are unionized and provide medical, prescription, hospital and dental benefits. We therefore expect that the same good benefits for full-time employees will be offered at our unionized (via Local 23) Shop 'n Save after start-up. In addition, after a waiting period, part-time employees get all the benefits except full medical. All benefits are negotiated with the United Food & Commercial Workers Union.

Besides direct employee benefits, the operation of a supermarket in the Hill District has other benefits for the underserved in the community. In its other supermarkets, excess produce,

meat, fish, bakery items and dairy is sent to local food banks and churches. Store managers call up the recipients to pick up the available products and in at least one store, if no-one comes for the pick-up, the assistant manager sends product over in an SUV. At other stores our Operator links with SUPERVALU's programs to work with local food banks.

Achieve Self-Sufficiency

The Operator has done a good job of providing its full time employees with opportunities for growth and for salaries/wages and benefits that will lead to employee self-sufficiency. As stated above, almost all managers in the Operator's other 4 stores were promoted from within. (As noted in Chris Kiral's impressive work history above.) The Operator has a very good track record of keeping employees, except for cashiers, which in industry experience are most prone to attrition because they can easily find cashiering work in other retail environments. But this allows new cashiers to be trained and hired.

H. Project- and Position-Sustaining Steps

As already stated, the Market Study indicates that the supermarket should be a success and the Pro Forma(s) provided by the Operator (who owns 4 other Shop 'n Save stores in Pennsylvania), also shows its viability. The Operator Pro Formas, (which also compare projected profitability of the Hill Store with their other 4 stores) are in the Appendices. We already noted that the 2 stores in McKeesport, Pennsylvania are in low-income communities where 50-60% of the residents are African American. With that kind of experience, we have every reason to expect that the supermarket will continue for at least 1 year after the end of the grant period and presumably for many years thereafter. Obviously the supermarket will continue to need at least the number of employees as they start with. Over time, we expect that the number of employees will increase as sales increase as depicted in the Operator's financials.

I. Management Plan for Handling Confidential/Sensitive Information

HHEDC has systems in place for the proper handling, safeguarding and disposition of sensitive and confidential information. We are most sensitive to protecting confidential information about the employees within our CDC as well as the new employees who will be hired by our Tenants as a result of the implementation of our OCS project. Our CDC is dedicated to the hiring of low-income individuals who have overcome barriers to entering the workforce in the past. Some have been recipients of welfare and/or unemployment insurance. Others have addressed substance abuse, homelessness and a range of personal challenges.

It is important to our organization that we be able to report and monitor the extent to which targeted low-income employees have been able to improve their lives and acquire family-sustaining incomes. As a result, we maintain a coding system to identify each employee to maintain confidentiality. Our reporting forms use a numerical code for each worker as we note their prior dependency on support programs, their previous earnings, when they were last in the workforce and their increasing wages and benefits as a result of their employment through our initiatives. Confidentiality is maintained by having a separate set of name listings which correspond to the code numbers disseminated among senior supervisors and evaluators. The listing of corresponding names is maintained by our President/CEO in a locked cabinet or safe at all times. Our computers are password protected and access to sensitive and confidential information is limited to key staff involved in the project.

The names of employees are available to OCS visiting personnel and evaluators upon request. In addition, any background investigations and related sensitive information similarly collected and maintained by the project director supervising the program and/or our President/CEO is in a safeguarded and locked cabinet or safe. Disposal of such information will

be scheduled during post-employment periods as appropriate through deletion of computer files and shredding of documents. Nevertheless certain information about former employees of a non-confidential manner will be preserved by HHEDC to maximize the tracking of former workers and trainees who went on to obtain new job positions at higher or comparable wages. This will allow us to track both terminated employees and those who found higher positions after achieving related certifications and advanced training. HHEDC finds that it is quite helpful to inform our funders (and particularly supportive local agencies and foundations) with respect to the impact our job creating endeavors have had on both current employees and former employees.

We also take steps to ensure that confidential information from our project partner(s) such as pro forma(s), audits, other financial and sensitive company documents are kept locked and are disposed of at the end of the project period by the shredding of such documents and deletion of computer files, as appropriate.

CRITERION 2. BUSINESS PLAN – PROJECT VIABILITY

A. Funded Activities Consistent with Project Scope, Scale and Outcomes

All the major activities necessary for the success of the Project are shown in the Quarterly Milestone and Outcome Chart in the Appendices. By definition all the activities are consistent with the Project's scope, scale and projected outcomes, which are the construction of a building and the opening of a full-service supermarket where at least 75% of the full-time positions are filled by low-income residents of the Hill.

B. Resources to Support Activities are Reasonable

As described herein, we have the appropriate staff and consultants to oversee this Project. We have a working office with everything needed (equipment and supplies) to handle this Project. Our Operator has a multi-store history with SUPERVALU, one of the nation's largest grocery suppliers. We have a Project Site, construction plans, and non-CED funds so that we will be ready to proceed once \$800,000 is made available by OCS.

C. Sources Identified

As stated in the various Sections of this application, we have identified and secured all the necessary sources, including staffing, consultants, facilities, equipment, supplies and funding that we will require to make this Project a success.

D. Control of Site and Facility

The land for the Project (also known as Centre Heldman Plaza) is located at 1901 Centre Avenue in the 3rd ward of Pittsburgh, Allegheny County, Pennsylvania. This is listed as Block 11-A Lot 110 in the Deed Registry Office of Allegheny County, Pennsylvania. Most of the site was purchased in 2010 from Pittsburgh's Urban Redevelopment Authority (URA) pursuant to a \$275,000 loan made to HHEDC/LLC by URA using CDBG funds. We have been assured by the URA that the price was lower than the market value at the time because of the importance of this Project to the City. Land prices in the area have now started to rise in this part of the Hill District. Please note the Deed in the Appendices. In accordance with standard municipal practices, the Project Site remains under URA supervision until the Project is constructed.

A large package of the needed supermarket equipment has already been located by Mehmert Store Services ("Mehmert"), a major equipment broker, with SUPERVALU's assistance. The equipment is second hand and is being acquired at a considerable savings, from a

SUPERVALU/ACME closing supermarket. Also as already stated, assuming we are unable to acquire another package of used equipment through brokers and auctions (assisted again by Mehmert), we will purchase the remainder at wholesale or retail, following all Federal Regulations (including multiple bids) in the process.

The deed from the URA to HHEDC is in the Appendices. The Project Site is subject to the oversight of the URA as the building is completed. This site has been vacant for about 30 years. A huge wave of Urban Renewal (over 30 years ago) by the City is responsible for the destruction of the mixed housing/retail uses that used to exist at the Site. We have already discussed this terrible era in the history of the Hill District.

As already described, the Project is a 36,000 sq. ft. building on the Site with a supermarket as the major tenant occupying 29,500 square feet of space. There will also be 186 parking spaces on the Site. For at least the last 30 years the Project Site and surrounds have been empty of buildings.

There is a second committed tenant for the Project. This second lease for 1,000 sq. ft. is between Centre Heldman Plaza, LLC and Independent Payment Processing LLC (IPP). The Permitted Use includes a statement that Tenant shall have the right to operate a Cricket Telecommunications retail store on the premises. Cricket is a subsidiary of IPP. However, this application is focused on bringing a supermarket to a “Food Desert” As a result we do not count the jobs potentially available from this anticipated second tenant or from the remaining space in the building, which is presently unleased.

E. Competing Activities Identified

As already stated, the full professional Market Study has identified all significant competition and has concluded that such competition will not adversely affect the new

supermarket because all significant competition is on the periphery of the PTA and the sites are difficult to reach because of physical barriers (e.g. two rivers), lack of public transportation and traffic congestion.

This Project is the top priority for HHEDC and its importance is reflected by the community's Master Plan and the dramatic infusion of government and philanthropic funding.. This fact has been communicated to all staff and consultants. Staff understands that if two tasks are competing for staff time, the Project must come first. The contracts with the consultants can be cut off if they do not give the Project the necessary timely attention.

F. Capacity to Manage Federal Funds and Financial Management System

HHEDC has a contract with Bookminders with its Industry Solutions approach. Bookminders uses QuickBooks. In particular, for non-profit organizations such as ourselves, they utilize special tracking features in QuickBooks to simultaneously track grants (including federal grants), programs, donations, fundraisers and restricted funds. They provide comprehensive Board reports and give our auditor a clean, reconciled set of books at year-end. The company comes in every Thursday for a weekly reconciliation. HHA staff also assists with the financial reporting.

The CPA firm used in the past for annual audits is J. Scott Mazur. They have never found any audit exceptions for HHEDC's financials. Mazur's cover letter, as the Independent Auditor of the Financial Reports states that they used "the standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The letter also states that our audit includes an analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The cover

letters of the HH A audit includes HHEDC, where HHEDC is described as an affiliate of HHA, can be seen in the Appendices. On a combined basis, as of June 30, 2011, HHA and HHEDC had Total Assets of \$25,456,202 and End of Year Net Assets of \$20,643,564.

Use of Non-CED Funds

Most of the Sources for the Project are Non-CED Funds. The Centre Heldman Plaza Project Summary (“Construction Pro-Forma”), which includes the Construction Budget and expected monthly cash flows during construction, was prepared by the Sphinx Group and submitted as of March 14, 2012. See the Appendices for this document. As can be seen from the first page, Sources and Uses, in the Construction Pro-Fonna, of the total \$9,691,484 required for the Project \$8,891,484 comes from Non-CED Funds. Some of the Sources have indicated specific uses for their funds (e.g. equipment, LEED work) but most of the funders only specify that the money be used for the Supermarket Project. Except for the required use of \$7,500 for five trips to OCS in Washington, D.C. and the \$5,000 set aside to be used for ELDI’s assistance as necessary, the remainder of the \$800,000 will be used proportionately with the other funds that are to be used for the Project as it is built. Some of the Non-CED Funds are committed to particular aspects of the Project, such as for LEED work or to purchase supermarket equipment. By definition, none of the OCS funds will be used for the portions of the Project that have already been paid for. For instance, none of the OCS money will be used to purchase the Land, which will be paid back to URA over a twenty-year period after the building is completed.

A. Evidence of Firm Commitments

In the Appendices we have provided signed letters of commitment from all the lenders, donors and grantors that account for our Non-CED funds.

B. Commitment Letters

As already stated the signed letters of commitment are in the Appendices. Some of the funds have already been received. The remainder will be drawn down as construction begins and progresses. Most of the money yet to be received is dependent upon our receiving the sought for \$800,000 from OCS.

C. Project Implementation without Program Income

The development of the Supermarket Project by our LLC will not utilize program income.

Role and Capacity of Project Partner

A. Role and Relationship of Project Partner and Capacity to Manage CED Funds

Our Project Partner is the Centre Heldman Plaza, LLC (the “LLC”). The LLC is a limited liability company that was created by our own CDC to be the owner and operator of the Project. This legal separation between HHEDC and LLC provides protection from liability to HHEDC from issues that arise from (1) constructing a building and (2) owning and operating a building with tenants. A Certificate of Organization was filed by HHEDC forming LLC on October 8, 2010. It is in the Appendices. On the same date, a partnership agreement with LLC was entered into between LLC and HHEDC. That agreement is called the Operating Agreement and it states that the business of LLC is “To carry on any lawful business or activity for which limited liability companies may be formed under the Act, including without limitation, acquiring, developing, holding and managing real property.” The Operating Agreement provides that the sole Member of the company is the Hill House Economic Development Corporation and the management of the LLC shall be vested in a Manager. It also provides that the initial Manager shall be HHEDC and HHEDC may replace the Manager at any time. In other words, LLC can do

nothing without the involvement of and direction and monitoring by HHEDC. HHEDC is entitled to all profits. HHEDC has already stated its commitment to making sure that at least 75% of the Supermarket's new hires will be low-income neighborhood residents and will oversee all the other OCS required monitoring and tracking of the newly created positions.

HHEDC will be making capital "investments" in the LLC once construction begins and will continue to do so as the Project construction progresses. Pursuant to Pennsylvania law an LLC is funded by its Members and the Members have the total interest in the LLC assets. The Members (in this case-Member) places capital in the LLC which uses it to construct the building. HHEDC and LLC have an Operating Agreement which makes HHEDC the Sole Member of LLC and also the Manager of LLC. LLC is thus effectively under the control of HHEDC. HHEDC's financial audit and the year to date financial statements include LLC's financials within them. Please see the latest audit and financials for HHEDCILLC in the Appendices.

The current HHEDC year to date financials, as of March 31, 2012, show that HHEDC had total Assets of \$7,130, 255, including \$3,429,951 in receivables from foundations once vertical construction on the Project begins. Existing long term liabilities include a First Commonwealth Loan of \$740,931 (One Hope Square Acquisition and Renovation) a Bridgeway Capital Loan of \$494,243 (Family Dollar Building) and a URA Loan of \$275,800 (for the purchase of the Project Site). The financials show Total Equity of \$5,015,255.

We have the HHEDC Audited Financial Statements for the years ended June 30, 2010-2009 and June 30, 2010-2011. Because of space limitations, we only include the latest herein. The Audit was performed by J. Scott Mazur, an independent Certified Public Accountant. We also have the latest HHA Audited Financial Statement in the Appendices. The HHA audit combines HHA with HHEDC and thus also includes LLC.

The audited HHA Balance Sheet shows Total Assets as of June 30, 2011 to be \$8,228,968 (up from \$6,126,117 for the year before. Of that amount, \$4,338,545 is temporarily restricted for the Project. See Appendices for more details.

B. Partnership Agreement with Project Partner

As already stated Centre Heldman Plaza, LLC (“LLC) is our Project Partner and the agreement between HHEDC and LLC is in the form of an Operating Agreement. HHEDC totally controls the LLC so that LLC is committed to everything HHEDC is committed to. The HHEDC/LLC commitment includes the 75% low-income requirement,, that prospective candidates for positions to be filled by low-income individuals will be recruited and verified as eligible under the program; that strategies for retention of low-income individuals in the new Positions have been established; that both entities will maintain accurate, unduplicated counts of positions created, as distinct from the number of individuals hired to fill them over the course of the grant; and that there will be cooperation with monitoring efforts.

CRITERION 2. BUSINESS PLAN - FINANCIAL STRATEGIES

A. Acceptable Financial Plan

The Sphinx Group prepared our Construction Pro Forma. Also included in that document was a 10 year Pro Forma of Net Operating Income for the Project. Please see this document in the facility development construction Pro Fonna Appendix. The Project is economically feasible and will continue to be a positive cash flow property to the owner, LLC, for at least 1 year after the 5 year grant period. The Sphinx Group prepared Income and Loss Pro Forma for the Project indicates that LLC will have Net Operating Income by the end of the 3rd Quarter of the first year of operations. The Pro Forma is based on the expected income from the Supermarket Lease and

the financials will improve as the remainder of the space in the building is leased to other entities. As previously stated, the proposed operational costs in the Income and Loss Pro Forma for the Project are based on HHEDC's experience as a landlord with its other two commercial buildings. Thus the listed expenses once there is an operating Supermarket in the Building are reasonable and necessary to carry out the activities of LLC. The Project Budget includes line items for supermarket equipment as the Lease requires the Landlord to purchase and install most of this equipment. The equipment portion of the budget was overseen by associates of SUPERVALU to assure that everything necessary for operations would be in place for the opening of the new Supermarket.

B. Financial Estimates -Assumptions, Necessity, Reasonableness and Allocation of Costs

The Financial Estimates for our Project were professionally revised by the Sphinx Group. The construction plans and equipment requirements were reviewed by the supermarket Operator with years of supermarket operational experience. The Operator already owns four successful supermarkets in low-income areas of Pennsylvania. Two of these markets are in McKeesport, Pennsylvania with low-income, substantially African-American neighborhoods so that the Operator is also knowledgeable about the kind of potential issues that may occur in the Hill District. In McKeesport overall, those who identify as Black alone make up 23.7% of the population (as opposed to 10.2% in Pennsylvania) so it is not surprising that McKeesport has some neighborhoods where African Americans/Blacks are in the majority. The financial estimates are grounded in solid assumption and they demonstrate the necessity, reasonableness and allocation of the proposed costs. Please see both the Supermarket Pro Forma and the Sphinx Group's prepared HHEDC Pro Forma in the Appendices.

The list of Sources above includes the following: (1) Pennsylvania Fresh Food Funding Initiative grant of \$1,000,000, (2) Pittsburgh Arena Real Estate Redevelopment LP (Pittsburgh Penguins) grant of \$1,000,000, (3) Urban Redevelopment Authority grant of \$1,000,000, (4) Urban Redevelopment Authority loan of \$ 275,00 to buy the Land, (5) Allegheny County CDBG Funds grant of \$ 750,000, (6) The Commonwealth of Pennsylvania (RACP program) grant of 500,000, (7) Richard K Mellon Foundation grants totaling \$ 1,000,000, (8) McCune Foundation grant of \$ 250,000, (9) Heinz Endowments grant of \$56,000, (10) Pittsburgh Partners for Neighborhood Development grant of \$36,000, (11) Dollar Bank loan of \$1,500,000, (12) HHA Subordinated Loan of \$150,000 and (13) HHA/HHEDC equity/grants of \$1,873,644. This last amount includes the \$800,000 grant we are hoping to get from OCS.

The Fresh Food Funding Initiative (FFFI) is a statewide financing program designed to attract supermarkets and grocery stores to underserved urban and rural communities. FFFI's objectives are to (1) reduce the high incidence of diet-related diseases by providing healthy food (2) stimulate investment of private capital in low-wealth communities, remove financing obstacles and lower operating barriers for supermarkets in poorer communities, create living wage jobs and prepare and retain a qualified workforce. FFFI is managed by The Reinvestment Fund a 2011 recipient of U.S. Treasury HFFI funding and, a nationally acknowledged leader in assisting the U.S. Treasury's effort to involve Community Development Finance Institutions (CDFIs) in investments in low-income areas that are underserved by retail healthy food providers. FFFI is partly financed by the Commonwealth of Pennsylvania and the Food Trust, an organization that advocates for and oversees the provision of nutritious foods in underserved areas and the Urban Affairs Coalition (UAC), an organization that creates opportunities for minority workers.

The Reinvestment Fund (“TRF”) manages FFFI’s financing and grant programs. It also provides technical assistance to its borrowers and grantees. TRF was also the leader in a recently released study by the Treasury’s CDFI program designed to better define underserved (with respect to healthy foods) areas. See the Second BONUS POINTS section at the end of this application. To qualify for an FFFI grant, a supermarket must be located in a low-to-moderate - income census tract and in a trade area that is underserved with respect to healthy foods. FFFI has rules for both loans and grants and it only makes an Extraordinary Grant for up to \$1,000,000 if the project shows high potential to (a) maximize debt and equity financing potential to demonstrate efficient use of grant resources, (b) create a significant number of high-quality jobs, (c) have substantial economic impact in line with broader neighborhood development plans, and (d) address a lack of fresh food outlets in very low income communities. Our Project received just such an extraordinary grant for \$1,000,000. Please see Appendices for documentation.

The Pittsburgh Penguins, (pursuant to a Community Benefits Agreement in August 2008) granted HHEDC \$1,000,000 for the development of the supermarket in the Hill District. Please see Appendices for the documentation.

The Urban Redevelopment Authority of Pittsburgh (URA) committed to a grant of \$1,000,000 to LLC for the hard construction costs of the building to house a supermarket. Please see Appendices for documentation. The URA also made a very patient loan of \$275,000 to HHEDC for the purchase from URA of the land on which the Project will be built. There is no principal or interest payable for 10 years. Please see Appendices for documentation.

The Economic Development division of Allegheny County in Pennsylvania has committed to a \$750,000 grant from CDBG funds to HHEDC for the purchase of equipment for the supermarket in the Hill District.

The Richard King Mellon Foundation is committed to two grants. One grant is for \$525,000 and the other one for \$500,000. The money for the \$525,000 grant and for \$400,000 of the second \$500,000 grant is at Bridgeway Capital, which is a Community Development Finance Institution (CDFI) and is acting as Mellon's agent. The remaining \$100,000 of the \$500,000 grant was sent by check to HHEDC in 2009 for preliminary work on the Project. All of the money for both grants was and is to be used for the Project. Please see Appendices for documentation. The McCune Foundation, which is active in community development projects and issues, made a grant of \$250,000 to be used for the HHEDC Project. Please see Appendices for documentation.

The Commonwealth of Pennsylvania, through the Governor's office, committed to a grant of \$500,000 in Redevelopment Assistance Capital Program (RACP) funds.

The Heinz Endowments made a grant of \$352,000 to HHEDC for projects in collaboration with the Pittsburgh Central Keystone Innovation Zone to stimulate economic activity in the Hill District. This check was received and with the permission of Heinz, \$56,000 was set aside specifically for the supermarket. The \$352,000 grant is in the Appendices.

The Pittsburgh Partnership for Neighborhood Development (PPND) has committed to a grant of \$36,000 to HHEDC for the Project to be used mainly for the completion of the LEED commissioning and modeling work. Please see Appendices for documentation.

We also have a loan of \$1,500,000 from Dollar Bank. It starts out as a Construction Loan with interest only payments during construction. Once the building is completed, the loan becomes a “Permanent Loan” with a term of 20 years. This is when repayment of the loan principal balance begins. Please see Appendices for loan document.

Cost per Position

The Construction Budget indicates a total cost of \$9, 691,484. There are expected to be at least 44 permanent full time positions as well as 56 part time jobs. We are applying for a federal government contribution of \$800,000. The Cost per Full Time Position (to the Federal Government) for this construction project is \$18,182.

C. Justification of Construction Costs

The construction costs have been carefully calculated. See the Uses Section above. These include predevelopment costs, architectural costs, engineering costs, the cost of the Site, the cost of obtaining building permits and occupancy permits, all required studies, construction monitoring costs and hard construction cost. The hard construction costs include some of the necessary grocery equipment costs which the Lease requires the Landlord to provide. The description of all the equipment necessary for operation of the Supermarket was provided by Mehmert Store Services through the cooperation of SUPERVALU. The total equipment required is budgeted at \$2,224,555 which includes the Used Equipment package (with freight and contingencies) at \$211, 150 (with a value new of over 7 figures and the additional equipment that must be purchased at \$2,013,405).

CRITERION 3. ORGANIZATIONAL CAPACITY - ORGANIZATIONAL PROFILE

A. Sufficient Overall Experience and Capacity

As described in Criterion 1, HHEDC is the applicant and lead entity but it has some shared staff with its “parent” HHA. Please see the Organization Chart in the Appendices. Below is a description of HHEDC’s staff, as well as a description of our consultants and of a more experienced CDC ready to ensure the successful implementation of the Project. This is our Project Team and it is our combined capacity and experience that should be noted.

Cheryl Hall-Russell is President and CEO of both HHA and HHEDC. Ms. Hall-Russell came to us about a year ago. After a number of years in the corporate sector she has been in the nonprofit sector for almost 20 years. She received a Masters in Public Administration with a focus on Nonprofit Management as well as a Master of Arts in Philanthropic Studies from Indiana University at Indianapolis. From the same school she also obtained a B.A and a Graduate Certificate in Public Management. Her work includes senior management, fund development, organizational restructuring, marketing, advocacy (local, state and national) and program development. Previously she was a commissioner on the Indiana Commission on Childhood Poverty as well as the Chief Executive Officer of Indiana Youth Services Association. Before that she was the Assistant Vice President of Urban Services at the YMCA of Greater Indianapolis. She will spend 10% of her time on the Project

Jeff Anderson is Executive Vice President and Chief Operating Officer (COO) for both HHA and HHEDC. Before coming to us, Jeff Anderson was for five years the President of Operations at the August Wilson Center (“AWC”), which is in the Hill District. There he had many responsibilities, including (1) managing the construction project that produced the new \$42 million 65,000 sq. ft. facility for AWC, (2) developing and directing all corporate operating

policies, (3) assisting with short-term and long range planning and budget development, (4) managing vendor relationships and working with both current and potential corporate and foundation sponsors to increase AWC financial support, (5) overseeing legal activities such as letters of agreement, contracts, and leases. Please see his resume in the Appendices for a more detailed list of his accomplishments at AWC and at his previous employers. Mr. Anderson has a B.A. from LaRoche College in Pittsburgh and an MBA from the University of Pittsburgh. He will spend 10% of his time on the Project.

Robert C. Farmer, Jr., the principal of the Sphinx Group, Inc., has been contracted through the Sphinx Group as the “staff” project developer for HHEDC. Mr. Fanner is working full time internally at the HHEDC office. He is a 1989 graduate from the University of Pittsburgh where his B.A. was in Business Economics with a concentration in Finance. He is a specialist on (and has done much consulting for Community Development Practitioners in the areas of) obtaining necessary capital for a project; overseeing development on behalf of an owner, including design oversight , permitting , leasing, value engineering and scheduling; and handling strategic issues, such as project team identification, financial pro-Formas, public sector coordination and project review .Approximately 80% of his job is to make sure that everything necessary to have the Project go forward is done. His job includes working with HHA staff, handling external relations of the Project and managing CM Solutions, LLC, the “Owner’s Representative” which has been contracted to monitor the actual construction of the Project at the Site. See more on CM Solutions below

Lillian Grate is HHEDC’s coordinator and the property manager of the two buildings owned by HHEDC. Ms. Grate who has been with HHEDC since January 2010 has a B.A. in Communications with a minor in Sociology from Carlow University and a Master of Science in

Professional Counseling from the University of Pittsburgh. Previously, she worked for PNC Financial Instruction where she was the National Financial Service/Sales Consultant. She has solid project management skills and is experienced with land development projects. She has the ability to build consensus with a diverse set of stakeholders (from high level executives to non-professionals at all levels. 100% of her time is devoted to HHEDC. At least 50% of her time will be spent doing coordination on the Project.

Alice L. Logan is Chief Financial Officer of both HHA and HHEDC. She has been with HHA since 1993 and worked herself up from Assistant Controller, to Controller, to Director of Finance to Vice President of Finance & Administration. Miss Logan oversees all financial operation as well as human resources. She took Marketing, Advertising and Accounting courses at Robert Morris College. Alice Logan is a perfect example of a resident of the community who has had years of on the job training and has taken relevant courses while working herself up the corporate ladder. She presently handles millions of dollars of in governmental and foundation funds. In addition to its own funds, HHA's financial department is the fiduciary for funds belonging to many other entities. She will spend 10% of her time on the Project.

HHEDC is also able to call on other employees of HHA, when the employee has special knowledge in a particular area, such as employee training, job seeking or political know-how.

East Liberty Development, Inc. is our experienced CDC partner. See Section B. below and Criterion 3 for a detailed description of their experience and their two relevant prior projects.

As has been previously stated, HHEDC is the present owner and manager of two commercial retail and office buildings and thus has a lot of experience in managing multi-tenant buildings.

CM Solutions, LLC (CM Solutions) has been hired to act as our owner's representative with respect to the Project. CM Solutions will be monitoring the construction phase and will be on the Project Site daily as well as assisting in other ways. CM Solutions is a Hispanic-American owned minority Construction Management firm. It will do the day-to-day management of the construction once the contractor for the construction is determined. It is located in Pittsburgh. CM Solutions coordinates and supervises the construction process from the conceptual development stage through final completion (on deadline and within the budget). They can manage all aspects of the process including working with owners, engineers, and architects. They can obtain all necessary permits and licenses and direct or monitor compliance with building and safety codes and LEED codes, other regulations, the delivery and use of materials, tools and equipment; worker safety and productivity and the quality of construction. CM Solutions has already worked on the Shop 'n Save project by overseeing the demolition of existing telephone poles and an abandoned road, the construction of a retaining wall at the back of the site and the abandonments and terminations of sanitary and sewer lines at the site that were not appropriate for the new construction. CM Solutions has worked on many projects. For instance it was the Construction Manager for the construction of a building to be called the K. Leroy Irvis Science Center, owned by the Community College of Allegheny in Pittsburgh.

Louis N. Lannutti, is the founder and President of CM Solutions. He began his career as a carpenter and became an independent contractor in the mid 1990's. He worked for developers in the suburbs (Main Line) and inner city of Philadelphia renovating low and high-end homes. In 2002 he worked on building new homes and became a member of the Carpenters Union of Pittsburgh. During that same time, Mr. Lannutti attended the Community College of Allegheny County in the evenings and received in 2007 two Associate's Degrees. Over the next year, Louis

worked his way up from carpenter to foreman and in 2008 became Supervisor on the August Wilson Center for African American Culture in Pittsburgh. He then became Senior Project Manager of a well-known commercial construction company in Pittsburgh. He eventually left this position to start his own company, CM Solutions, LLC. Mr. Lannutti also heads C&R Constructors which does actual construction work on many projects.

B. Viable Partnership with Experienced CDC

We have entered into an agreement with East Liberty Development Inc (ELDI), a Community Development Corporation that was formed in 1979 to facilitate redevelopment efforts in Pittsburgh's East End neighborhood and to begin the process of reversing the effects of urban renewal. Please see agreement in Appendices. ELDI has received several OCS grants in the past, one of which was the opening of a Whole Foods Market in ELDI's low-to moderate income neighborhood. Thus, they have substantial experience with OCS funded projects, including the establishment of a supermarket. ELDI's Whole Foods Market and Eastside II projects come closest to our Project. We will be working with Maelene Myers and William Schwab on the ELDI staff.

Maelene J. Myers, is the Executive Director of ELDI which operates in a core urban neighborhood of Pittsburgh. She is responsible for the overall operation of the corporation including commercial and residential real estate development, long-range planning, workforce development and community organizing. She has been on the staff since 1996.

William (Skip) Schwab is the Director of Operations of ELDI. Mr. Schwab has been there since 2007. He works with partners to formulate, revise and track comprehensive community development strategies in a diverse urban neighborhood. He manages grants and development relationships for community-based organization with an annual operating budget in excess of

\$1,000,000. From 2006 to 2007 Skip was a consultant that provided project management services and technical assistance to non-profit CDCs and other organizations engaged in real estate development and neighborhood planning. Clients included Action Housing, Inc. and the CL Fund. From 1994 to 2006, Skip was a Program Director at the Pittsburgh branch of the Local Initiatives Support Corporation (USC) where he was responsible for fund-raising, marketing and communications, loan underwriting and providing grants and technical assistance to community-based non-profit organizations.

Please see Section B. in Criterion 3 below with more discussion of ELDI experience and their two prior relevant projects that involved OCS grants.

CRITERION 3. ORGANIZATIONAL CAPACITY - PAST PERFORMANCE WITH SIMILAR JOB CREATION PROJECTS

A. Experience to Carry Out Proposed Project -Past Success with Two Similar Projects

HHEDC's two prior commercial economic development projects are the One Hope Square office-building project and the Family Dollar project. Both of these buildings are owned and operated by HHEDC. One Hope Square is the office of HHEDC and this building has 15 tenants so HHEDC has a lot of experience in managing a multi-tenant building. Once the construction period is over, this real estate experience will be very important. In addition HHA has superlative relevant experience in delivering social services including such programs as training residents for employment, assisting low-income residents overcome obstacles to employment and dealing with health problems. There is more on HHA's programs below. HHA will be working with us on identifying, training and maintaining low-income employees for the supermarket

As described in more detail below, HHEDC has also entered into an Experienced CDC Agreement with East Liberty Development Inc. (“ELDI”) to assure access to some wisdom that comes from having completed two relevant prior OCS funded projects. It is in the Appendices.

B. Qualitative/Quantitative Description of Two Prior Projects

We are including a quantitative and qualitative description of two relative prior projects completed by the East Liberty Development, Inc. (ELDI), our more experienced CDC. Both prior projects, the Whole Foods Market (OCS Grant Number 90EE0577) and the Eastside II project (Grant Number 90100014) were supported by OCS funds. The Whole Foods project was included in the development of Eastside 1. It opened in the fall of 2002. One hundred-fifty full-time jobs were promised. Currently there are 227 employees (200 listed as full-time). Most of the employees are residents of the East End. The current range of wages is from \$10.00 per hour to \$40.00 per hour. The Eastside II Center project is near Whole Foods and the Eastside Center is still in operation. The Center employs more than 237 persons. Both projects were constructed in a timely fashion and on-budget. They sought and acquired other public and private funds. They have been involved in data collection and project evaluation on an ongoing basis. Job creation was achieved and they continue to monitor training and placement related to low-income persons. EDLI will be available for counseling about ways to handle any problems as they arise. For more detail on the ELDI/HHEDC Agreement, please see the Appendices.

CRITERION 3. ORGANIZATIONAL CAPACITY - STAFF AND POSITION DATA

A. Key Staff and Qualifications

As stated above, HHEDC is the owner and manager of two buildings. One of the buildings is “One Hope Square”, which is located at 1835 Centre Avenue in Pittsburgh. The

other building is located next door on Centre Avenue and its only tenant is Family Dollar, which occupies the space pursuant to a triple net lease. One Hope Square contains the offices of HHEDC and it has 15 tenants. Thus, HHEDC has a lot of experience in managing a multi-tenant building.

B. Management Experience of Key Staff and Time Commitment

We have already discussed above the qualification, experience and time commitment of Key Staff, Consultants and our Experienced CDC “partner”. Below is more on the Hill House Association (HHA), the 501(c)(3) corporation that founded HHEDC and which shares some staff and Board members with HHEDC. They have years of supervisory, program management and financial experience as well established relationship with most of the target population.

HHA has five strategic program areas: (1) Early Learning and Child Development, (2) Youth Services, (3) Family & Workforce Development, (4) Senior Services and (5) Neighborhood Development. These areas embody their general approach to providing services- that it is important to have multi-generational programs.

- (1) Early Learning and Child Development. This program area offers stimulating, nurturing childcare for children 6 months through 5 years of age. Each child receives a variety of individualized learning experiences to foster social, intellectual, physical and emotional growth. Besides the usual childhood daycare services, HHA stresses health and nutrition. Children are served a minimum of one balanced meal and a healthful snack each day. Through Head Start, each child receives a complete physical exam, including vision and hearing tests, immunizations, a dental exam and identification of disabling conditions. Parental involvement is stressed. Early childhood intervention services are offered to every child on the campus and through a campus partner, children with development disabilities

receive therapy to assist them. HHA has a case management program to assist families in assessing their own needs, identifying and securing services and building upon their individual strengths. HHA also offers crisis intervention and emergency assistance.

- (2) Youth Services. This program area includes the Kassi Leadership Academy. This offers kids opportunities and incentives for being leaders in their schools and communities. Individual assessments ensure that students receive the tutoring support they need to succeed academically. Assistance with homework assignments is provided. A partnership with community elementary schools offers literacy and numeracy support for children grades K-3 who are not performing at grade level. Nutritious snacks and recreation are part of Youth Services' daily programming. Kids Shape, a program focused on maintaining healthy weight is offered as part of the Youth Services wellness program. There are Summer Camps which serve 250 kids every year.
- (3) Family and Workforce Development Services. This program area provides program participants access to (a) Parenting Life Skills Training, (b) Career Assessment and Goal Planning, (c) Job Readiness/Job Search Training, (d) GED/ABE Preparation, (e) Customer Service Training, (f) Financial Planning and Budgeting, (g) Building Self-Esteem/Self Concept, (h) Domestic Violence Workshops and (i) Drug and Alcohol Counseling. The First Source Center, located across the street (a former tenant) assists Hill District residents with securing employment opportunities connected to the creation of the 28 acre hockey arena complex and will provide such services for the Project supermarket and for other tenants of the Project building. Also note that we work with the National Fatherhood Initiative and the Father's Forum to enhance fatherhood programs in Pittsburgh.

(4) Senior Services. This program is made available to persons 60 years of age and over.

Hill House Senior Services addressed vital concerns of seniors who wish to live independently, including, home-delivered meals, home health assistance, transportation and chore services. Care management services, including counseling are also provided to nearly 600 seniors each year. Numerous events to keep seniors active and engaged in the community are also provided.

(5) Neighborhood Development. This program area focuses on treatment programs, recreational activities and opportunities to be involved in the arts. The Hill House Community Collaborative provides community-based treatment and rehabilitation programs for drug-addicted mothers helping them establish patterns of self-sufficiency. The Hill House Performing Arts Department carries on a 34 year Hill House tradition of performing arts. Children and adults can take voice and piano lessons.

In each case when describing its programs, HHA includes the programs of its Campus Partners, all of which are located on the Hill House Campus. One Hope Square is on the Hill House Campus. The 12 Campus Partners are: (a) Allegheny County Health Department (provides quality dental care for children in the Hill District, (b) The Allegheny Housing Rehabilitation Corporation (provides property management services to affordable multi-family properties in Pennsylvania, (c) The Alzheimer Outreach Center helps increase the awareness of Alzheimer's disease in the African-American community, (d) Carnegie Museums, which offers Mission Discovery, an after-school and summer program that provides middle school students with opportunities for academic enrichment in math, science, technology and the arts, (e) The Gateway Medical Society which is a component of the National Medical Association and promotes the health care and general welfare of minority and socioeconomically challenged

populations in Southwestern Pennsylvania, (f) Hill House Primary Care Health Services (provides free dental and medical services to Hill District residents), (g) Pittsburgh Community Services, inc. (mobilizes resources to empower individuals, families and communities through advocacy and quality services that promote self-sufficiency, economic empowerment, and improved quality of life, (h) the Pittsburgh Refugee Center (empowers refugees to become self-sufficient and integrated into their new communities, (i) Theiss Early Autism Program (provides developmental programming for preschool children diagnosed with Autism, and (j) the Hill District satellite center of the Western Psychiatric Institute and Clinic (for more than 50 years a national leader in the diagnosis, management and treatment of mental health and addictive disorders).

HHEDC has a very competent Board of Directors. The Appendices contain a list of all the Board Members with their board titles, employment (if appropriate) and description of whether they are Hill District residents, civic leaders and/or business leaders. Please note that looked at collectively, the Board includes people with a high level of skills in the following areas: (1) Finance, (2) Business Development, (3) Management, (4) Community Relations, (5) Governmental Relations, (6) Insurance, (7) Investments and (8) knowledge of and strong ties to the residents of the Hill.

Marva Harris, Chairperson of both HHEDC and HHA. In 2004 Marva Harris retired as Senior Vice President and Manager of Community Development for PNC Financial Services Groups after 18 years of service. At PNC she was involved in pioneering some of the most admired Community Reinvestment Act innovations in the nation. She also served as Interim President and CEO of the August Wilson Center for African American Culture during its inaugural season. Extremely active in the community (she was born and raised here) she serves

on the board of Forbes Funds and was on the board of the Pittsburgh Partnership for Neighborhood Development. She received a B.A. from Chatham College and has an M.A. in Humanities from the University of Pittsburgh.

The staff and board members have years of experience in working in the Hill District and with working with the target population of the Hill District. Cheryl Hall-Russell has many years of experience in working with populations in Indiana that are almost identical with the target population in the Hill District.

C. Key Project Staff Positions Filled/To be Hired

Rob Farmer is expected to remain with the Project through at least the opening of the supermarket. At some point a staff position will be open to carry out the HHEDC projects then in progress.

CRITERION 4. PUBLIC SUPPORT

An outstanding aspect of our Project is the amount of Public Support we have received, including many governmental entities from the State to the County to the City. It has also been strenuously supported by several of the largest foundations in Pittsburgh. The Heinz Endowments has generously contributed to the efforts of HHEDC and HHA over the years. In 2010 Heinz gave HHEDC \$352,000 to assist with the Pittsburgh Central Keystone Innovation Zone to stimulate economic activity in the Hill District. This year Heinz gave HHEDC a grant for an economic development consultant familiar with supermarket projects and funding sources. Heinz also gave many grants to HHA from 2002 until 2012. The largest was \$1,000,000 in 2008 for renovations to the Kaufman Center on the HHA Campus. In the same year, Heinz granted HHA \$300,000 to support the Kassi Leadership Academy, \$35,000 to support the Dr. Martin

King, Jr. Community Mural Project and \$25,000 to support ‘Jazz-Live at the Hurricane. In 2010 Heinz gave HHA \$300,000 for capacity-building, education and support for a cooperative of women entrepreneurs. There are at least 25 other Heinz grants to HHA Besides the Heinz Endowments, other contributors to the Kassi Leadership Academy were the Grable Foundation and the Pittsburgh Foundation. The McCune Foundation gave HHEDC \$250,000 to support the development of the Hill District Grocery Store (Our Project).The Bank of New York Mellon Corporation (BNY Mellon) recently contributed \$3 million over a six-year period (starting in 2008) to the Hill District community through the Pennsylvania Neighborhood Partnership Program (NPP), which is coordinated by the HHA. Support for NPP was one of the negotiated outcomes of the One Hill Community Benefits Agreement (CBA) signed on August 19, 2008 to ensure that Hill residents would realize positive outcomes from the development of a new hockey arena in their neighborhood. The CBA was signed by the City of Pittsburgh, Allegheny County, the Sports and Exhibition Authority and the Pittsburgh Penguins.

A. Community Letters of Support

1. Letters of Support for Project

Our appendices make clear that this is one of the most important projects to the City, the County and the Commonwealth of Pennsylvania. In addition, several foundations have made grants, banks have made loans and a Treasury HFFI funded CDFI has made an investment. This Project is also a critical part of the \$4,000,000 RAND Corporation study (funded by NCI/NIH), the first scientifically structured study of the effects of introducing a supermarket into a Food Desert neighborhood. It will contrast the Hill District (with the supermarket in place) with the Homestead neighborhood. All the necessary data for the “before” section of the study has been

collected by interviewing 1/5 of Hill households and the second part of the study can only begin after the Hill District supermarket opens.

2. Letters of Support Demonstrate Experience/Qualification in Business/Job Creation

Numerous persons and entities rely on the experience and qualifications of HHEDC.

B. Public Agency Agreements

Please see our Appendices.

CRITERION 5. BUDGET AND BUDGET JUSTIFICATION

A. Funds Commensurate with Level of Effort

As shown in prior sections the amount of funds available for the Project is commensurate with the level of effort necessary to accomplish the goals and objectives of the Project. The \$800,000 OCS grant is necessary to complete the Project Budget as shown in the SOURCES and USES Section of this proposal. The requested funds are also commensurate with the CED goals. With an OCS grant of \$800,000, the cost of each full time position to OCS is only \$18,182. In addition, there will be 56 part time employees, who will be trained, paid and gain important experience for their futures. They will also be eligible for promotion to full-time management positions over time as our Supermarket Operator has a history of promoting from within. In addition, if we receive the requested \$800,000 grant, OCS will have leveraged the \$800,000 into the receipt of \$8,891,484 of local, state, county, foundation, bank, CDC and CDFI funds.

B. Budget Details and Appropriateness

All of the OCS grant will be used for the Project. We include \$7,500 to pay for required travel to Washington, D.C. and \$5,000 to pay ELDI, as our experienced CDC, for its assistance.

Detailed Budget Breakdown and Narrative Justification for Each Budget Category

Please see The Budget Breakdown and Narrative Justification for Each Budget Category for the Construction of the building/supermarket space earlier in this proposal.

Each Budget Category is a usual budget category for the construction of a building. In this case there is an added cost category to cover the portion of the supermarket equipment that HHEDC is responsible for obtaining and installing, per the Lease with the Supermarket. It is important to note that no money from the requested OCS grant will be used for equipment but only for the construction of the building.

Appropriateness and Reasonableness of Line Items

As financial advisor to HHEDC, the Sphinx Group revised an older version of the Budget for the Project in March of 2012. For instance, this Construction Budget took better account of the cost of Supermarket equipment today. Thus, we have every reason to believe that the Line Items in the Construction Budget are appropriate and reasonable.

The condensed budget indicates the following categories of line items. (a) Land Acquisition; (b) Hard Construction, including Site Work Base Building and Tenant Improvements; (c) Soft Costs, including Architecture/Engineering, Legal, Insurance, and Appraisal; (d) Development & Administration, including Project Administration/Financial Advisory, Owner's Representative; (e) Financing Costs, including Construction Interest, Finance Fees, and Closing Costs; and (t) Construction Soft Contingency

Many of these cost categories are broken down into more detailed line items. For instance, the Hard Costs of Construction line item includes sections on the following: (1) concrete, (2) masonry, (3) metals, (4) wood, plastics and composites, (5) thermal and moisture

protection, (6) finishes, plumbing and fire protection, (7) heating, ventilating and air conditioning, (8) electrical (9) earthwork, and (10) exterior improvements

Expenditures Appropriate to Accomplish Project

As stated above, the Budget shows that all planned expenditures are appropriate to accomplish the Project's goals.

C. Funds for All Required Items

As demonstrated above, the funds for required items are included in the Project Budget. The Funds for items required are included in the Budget. The cost of 5 years of travel for one person to attend an OCS conference in Washington, D.C. and the cost of the Agreement with ELDI (\$5,000) is now included in Development and Administrative Costs. These two items are required by this application, and accordingly have been added by HHEDC to the Budget prepared in March.

D. Implementation of Project Design without Program Income

The application demonstrates that program income is not necessary for implementation of the Project design. On other projects, program income may be used to demonstrate the long-term sustainability of a project but since our Project should be ready for implementation at the time of the award, future program income will not be used to meet the non-CED funding needs for Project implementation.

E. Non-CED Commitments

Because all of the non-CED funding sources are included in the Sources and Uses Chart in the Appendices and were thoroughly discussed above, we have not repeated the information here. The Chart shows that all capital requirements (except the hoped for \$800,000 OCS grant)

are from identifiable entities that are either granting HHEDC money, investing equity or making loans to us.

BONUS POINTS - Project Addresses the Elimination of a Food Desert

The Hill District is a Food Desert despite the fact that the Hill District, as of May 20, 2012, is not currently listed as a food desert on the USDA Locator MAPs. Many researchers agree that there are problems with the USDA's methodology. Looking at a map of the Hill District there appears to be one supermarket within one mile of the Project Site (the USDA standard for a food desert). But a close look at the map indicates that the single supermarket is across a river from the Project Site. Thus, the USDA MAPs don't take account of geographical obstacles blocking the use of a given supermarket. Neither do they recognize the lack of adequate public transportation and the fact that most residents do not have access to a private vehicle.

Thus, it is not surprising that Pittsburgh's Urban Redevelopment Authority ("URA"), which is very familiar with the Hill District, its geography and transportation problems, has determined that the Hill District is a **Food Desert**. In the letter affirming this designation the URA states that "In recognition of the desperate need for a supermarket on the Hill, the URA has voted and approved a \$1 million grant to facilitate the opening of the supermarket." See the URA determination letter in the Appendices. This determination complies with the alternative method for establishing a Food Desert stated in the OCS Application Notice.

The RAND Corporation also has determined that the Hill District is a Food Desert. The following preliminary statistics from the as yet unpublished RAND study (more below) confirms that the Hill District has many problems that are likely to be exacerbated because it is a food

desert. The 2011 study involved interviewing (for 1-2 hours each) one in five heads of households on the Hill. More than 75% of the residents are overweight, including 21.25% that are in Obese Class 1, 12.25% are in Obese Class 2 and 11.57% are Morbidly Obese. Almost 81.87 % of households find that it is not easy to buy fruits and vegetables on the Hill, More than 88% agree that there is NOT a large selection of fruits and vegetables on the Hill; almost 80% find that the fruits and vegetables are not of high quality; more than 80% find that it is difficult to buy low-fat products; about 78% find the cost of low-fat products unacceptable; almost 80% state that whole grain products are not easy to find on the Hill. As for where the residents shop, only 5.67% state that they often shop at a neighborhood convenience store. Most seem to shop at supercenters, wholesale clubs, and full service supermarkets, all of which are outside the Hill District. Only 26.56% spend less than an hour on a grocery shopping trip. The rest spend at least 1.5 hours and 57% spend more than 2 hours on each grocery trip. Thus, it is not surprising that 83% of the households strongly agree that the Hill needs a supermarket and that 94% of households said that they would switch to buy food at a supermarket if there was one.

As for health statistics regarding Hill District residents, other than for obesity (discussed above), the RAND study indicates that 20.58 % of household heads report having been diagnosed with diabetes while 56.67% of households report that someone in their family has diabetes. In addition, 49.89% report hypertension in the family.

The RAND Corporation, a non-profit institution, is undertaking a historic in-depth study of two Pittsburgh neighborhoods, the Hill District and the Homewood neighborhoods. The \$4,000,000 study, funded by the National Cancer Institute/NIH, is being led by Dr. Tamara Dubowitz (from RAND). This study involves interviewing almost 1000 heads of households on the Hill (about 1/5 of the population was included in the first round of the study) and will serve

as “a national model for understanding the health benefits of residents in urban communities having access to a full-service grocer.” Ms. Dubowitz stated in an interview on WDUQ 90.5 FM (Pittsburgh’s flagship NPR station) that the study is to “address the issue of ‘Food Deserts’ to see if we can invest in full-service grocery stores and make a difference” for the residents of the low-income areas. RAND carefully selected the Hill District and the Homestead section of Pittsburgh for its unique study. Thus, RAND, though its preliminary results remain unpublished, has effectively designated the Hill District as a Food Desert. Ms. Dubowitz has also stated that “access [to healthy foods] is an enormous issue” for the Hill District.

Please note that the Pennsylvania FFFI (the inspiration for the U.S. Healthy Food Program) and TRF have also determined that the Hill District is a food desert as indicated by their “extraordinary grant” of \$1,000,000 to the Project. See the full FFFI discussion above.

It is also important to note a new research report (published on May 17, 2012) funded by the U.S. Department of the Treasury’s Community Development Financial Institutions Fund (CDFI Fund) and prepared by the Reinvestment Fund (“TRF”) and the Opportunity Finance Network. The study “Searching for Markets: The Geography of Inequitable Access to Healthy and Affordable Food” is to assist CDFI is to better target low-income communities that would benefit from increased healthy food financing. The study examines the disparity in access to healthy food for low-income and minority populations. The areas identified as being in need are called Limited Supermarket Access areas (LSAs). The study states that included in the top 10 states in terms of relative size of population with inadequate access and low-income burden is Pennsylvania (Rank #1). Pennsylvania also ranks second, with 12% of its residents living in LSA areas and that 54% of these LSA areas are in low-income block groups. For cities with populations between 250,000 and 500,000, Pittsburgh’s composite rank is #8 nationally. The

study cites that Pittsburgh had 47% of its population in an LSA area and that the % of the LSA population that is in a low-income area is 71%.

The Study states that the present USDA Food Desert Locator does not account for the considerable diversity among urban and rural neighborhoods and suggests that its LSA areas should be of more use in deciding where lack of access to healthy food is a priority issue. The LSAs unlike the USDA designated Food Deserts take account of obstacles in accessing food brought about by geographic phenomenon (like the two rivers bordering the Hill District) and transportation issues (like public transportation and limited access of residents to private vehicles).

Our Project will result in the opening of the first accessible full-service supermarket (which will include meat, produce and other fresh nutritious foods in the Hill District for at least the last 30 years.). The Hill District has been designated as a food desert by the City and by several foundations and accordingly has been granted substantial funding from Pennsylvania's Fresh Food Financing Initiative. In order to obtain the experienced supermarket Operator we have secured, we have had to include special inducements to have him sign the Lease. One of the major inducements was to provide the Operator with most of the supermarket equipment. This added substantial additional cost to the construction budget but we did it because we are committed to bringing healthy food choices at reasonable prices to the Hill District. There are expected to be 44 permanent full-time positions and approximately 56 part time positions created. HHEDC and Ross' Market are committed to assuring that at least 75% of the new jobs will go to low-income residents of the Hill District. The supermarket is also planned to be part of the redevelopment of Centre Avenue as the chief commercial main street in the Hill District

(one of the main goals of the Greater Hill District Master Plan) and as such the Project (and its supermarket) will be an important anchor institution in this to-be-revived commercial center.

BONUS POINTS - Collaboration with Other Federal HFFI Programs and Certain Additional Federal Programs that Address Food Deserts

This Project involves significant participation from other HFFI Agencies and programs. For instance, Pennsylvania's Fresh Food Funding Initiative (FFFI), the model for the national Healthy Food Initiative, has granted HHEDC an extraordinary grant (by FFFI's own rules) \$1,000,000 as capital for the Project. The Reinvestment Fund (TRF) is managing the FFFI program and its funds for the Commonwealth of Pennsylvania. The Reinvestment Fund was recently awarded HFFI funds and other funds from the Community Development Finance Institution (CDFI) Program administered by the Department of Treasury. Please see above in main body of application for more on TRF and its relation to the Treasury's effort to have more CDFI's invest in low-income areas that are food deserts. It should be noted that we also have a bridge loan agreement with Bridgeway Capital, a CDFI with multiple grants from Treasury, for \$500,000 to secure the ultimate receipt of Pennsylvania's commitment for a grant of \$500,000 under their RCAP program. The Bridgeway Capital commitment letter is in the Financing Commitment Letter Appendix.

Upload #2

Applicant: HILL HOUSE ECONOMIC DEVELOPMENT CORPORATION
Application Number: EE12000148
Project Title: HILL DISTRICT/FOOD DESERT SHOP 'N SAVE SUPERMARKET
Status: Awarded
Document Title: OtherNarrativeAttachments-Attachments-1236-
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