

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2017

*\$50,000,000 Redevelopment Authority of Allegheny County, Pennsylvania
Pittsburgh Mills Project
Series 2004 Redevelopment Bonds*

CUSIP Numbers:

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Prepared by:

MUNICAP, INC.

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**ANNUAL DEVELOPMENT ACTIVITY AND
DISCLOSURE REPORT**

I.	UPDATED INFORMATION	1
II.	INTRODUCTION	3
III.	DEVELOPMENT ACTIVITY	5
	A. Overview	5
	B. Governmental Approvals	5
	C. Status of Development	5
	D. Public Improvements	11
IV.	TRUSTEE ACCOUNTS	13
V.	DISTRICT OPERATIONS	15
	A. Special Assessments Requirement	15
	B. Delinquent Taxes and Assessments	19
	C. Collection Efforts	19
VI.	DISTRICT FINANCIAL INFORMATION	20
	A. Fund Balances	20
	B. Changes to the Rate and Method of Apportionment	20
	C. Changes in the Ad Valorem Tax Rates	20
	D. Assessed Value of Real Property	20
	E. District Special Assessments Levied	21
	F. Status of Collection of Ad Valorem and Special Assessments	22
	G. Appeals of Assessed Value	23
	H. Principal District Taxpayers	23
	I. Land Use Amendments	24
	J. Public Improvements	24
	K. Debt Service Schedules	25
	L. Parcel Number and Legal Owner	25
VII.	SIGNIFICANT EVENTS	27
	A. Developer's Significant Events	27
	B. Listed Events	27

I. UPDATED INFORMATION

Information updated from the Annual Activity and Continuing Disclosure Report dated February 15, 2017, is as follows:

- There has been no update on quarterly development report from the developer or the trustee for the owner since the last quarterly update provided by the developer on September 9, 2015, which was for the period ending June 30, 2015.
- The 2017 ad valorem tax rates for Allegheny County, Frazer Township and Deer Lakes School District are \$4.73, \$1.42 and \$21.953 per \$1,000 of assessed value, respectively.
- According to the Assessment Office of Allegheny County, the 2017 assessed value for all parcels in the district was \$235,780,300.
- Ad valorem real property taxes in the aggregate amount of \$6,521,909 (*net of tax appeals approved for tax years 2016*) for the 2016 tax year were collected by Frazer Township, Deer Lakes School District, and Allegheny County in the amounts of \$85,126, \$281,948 and \$1,038,256, respectively. After distributions, the total amount of TIF revenues estimated to be distributed to the authority was \$5,119,136.
- Incremental tax revenues in the amount of \$6,460,852 (*net of tax appeals approved for tax years 2017*) for the 2017 tax year were collected by Frazer Township, Deer Lakes School District, and Allegheny County in the amounts of \$84,913, \$277,915 and \$1,036,766, respectively. After distributions, the total amount of TIF revenues estimated to be distributed to the authority was \$5,086,710.
- Allegheny County ad valorem real property taxes in the amount \$1,115,245 were billed on the property within the district in tax year 2017. A two percent discount is given to taxpayers if the real property taxes are paid by March 31st. According to the treasurer for Allegheny County, \$1,092,942 had been collected, representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.
- Frazer Township ad valorem real property taxes in the amount \$334,809 were billed on the property within the district in tax year 2017. A two percent discount is given to taxpayers if the real property taxes are paid by May 31st. According to the tax collector for Frazer Township, \$332,142 had been collected as of February 8, 2018, representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.
- Deer Lakes School District ad valorem real property taxes in the amount \$5,176,106 were to be collected on the property within the district in tax year 2017. A two percent discount is given to taxpayers if the real property taxes are paid by August 31st. According to the tax collector for Frazer Township, school district taxes in the amount of \$5,072,024 had been collected as of February 8, 2018, representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.
- Special assessments in the amount of \$923,000 were to be collected on the parcels in Improvement Area A in 2017. The trustee reports that special assessments in the amount of \$923,000 were received from the township through period ending July 31, 2017. As a result, there are no delinquent tax year 2017 special assessments outstanding at this time.
- The principal district taxpayers are Wells Fargo Bank, N.A., as Trustee for Morgan Stanley Capital I Inc, VPM Associates LLC, Wal-Mart REBT, May Department Stores Company, Lowe's Home Centers Inc., Sam's REBT and Frazier Mills Hospitality Associates LP. Real property taxes and special assessments in the aggregate amount of \$6,629,418 were collected from the seven principal

taxpayers in 2017. This represents 89.4 percent of the aggregate amount of \$7,416,637 in real property taxes and special assessment due for collection in the district by Allegheny County, Frazer Township and Deer Lakes School District for tax year 2017.

- A material even notice related to a foreclosure sale for a portion of property within the Mall that was to take place January 18, 2017 was filed with EMMA on December 21, 2016. Sale of property was held on January 18, 2017 for twelve foreclosed parcels. All twelve parcels were conveyed to Wells Fargo Bank, N.A., as Trustee for Morgan Stanley Capital I Inc., (*the Grantee for the Commercial Mortgage Pass-Through Certificates, Series 2007-HQ11*).

II. INTRODUCTION

The Redevelopment Authority of Allegheny County, Pennsylvania issued the \$50,000,000 Series 2004 Redevelopment Bonds pursuant to the provisions of the Pennsylvania Tax Increment Financing Act (the "TIF Act"), and an Indenture of Trust, dated as of December 1, 2004 (the "Indenture"), by and between the Redevelopment Authority of Allegheny County (the "Authority") and Wells Fargo Bank, National Association, as trustee (the "Trustee").

Pittsburgh Mills is an approximately 312-acre retail and entertainment destination campus being developed and managed by Pittsburgh Mills Limited Partnership and its affiliates in Frazer Township, Pennsylvania. At completion, the development is expected to contain: (a) The Galleria at Pittsburgh Mills, an enclosed retail and entertainment center which will total approximately 1,136,000 square feet on approximately 90 acres of land (the "Mall"); and (b) The Village at Pittsburgh Mills, approximately 109 acres of land to be sold or leased to large-box, full-price and value retailers, restaurant operators and other users (the "Village") and (c) approximately 26 acres of land to be sold for retail and other uses (the "Pad Sites"). The development is located in the Allegheny Valley of Southwestern Pennsylvania in Frazer Township, Pennsylvania, sixteen miles northeast of downtown Pittsburgh on State Route 28. The development may be accessed within minutes from the Pennsylvania Turnpike. Pittsburgh Mills is expected to cater to a population within a market radius of 40 miles and an expected population of 2.4 million people.

The property in the district is being developed by Pittsburgh Mills Limited Partnership (the "Developer"). At completion, the Mall is expected to feature approximately ten anchor stores occupying approximately 700,000 square feet and approximately 170 in-line retail, restaurant and food court retailers occupying approximately 410,000 square feet of small shop space. The Mall layout is planned as a one-level "race-track" design with standard "Mills" features such as hardwood floors, colorful courts and Mall neighborhoods. At completion, the village is expected to include approximately ten large-box retail stores, full-price and value retailers, a limited service hotel, a theme restaurant, a gasoline station, a convenience store, a fast food restaurant and other retail uses. The pad sites are expected to be developed simultaneously with the village. The pad sites are expected to include auto dealerships, financial institutions, a gasoline station and restaurants.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2017, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.



III. DEVELOPMENT ACTIVITY

A. OVERVIEW

According to the Limited Offering Memorandum, the Pittsburgh Mills project is an approximately 312-acre retail and entertainment destination campus developed and managed by Pittsburgh Mills Limited Partnership and its affiliates in Frazer Township, Pennsylvania. At completion, the development is expected to contain: (a) The Galleria at Pittsburgh Mills, an enclosed retail and entertainment center which will total approximately 1,136,000 square feet on approximately 90 acres of land; and (b) The Village at Pittsburgh Mills, approximately 109 acres of land to be sold or leased to large-box, full-price and value retailers, restaurant operators and other users and (c) approximately 26 acres of land to be sold for retail and other uses. The development is located in the Allegheny Valley of Southwestern Pennsylvania in Frazer Township, Pennsylvania, sixteen miles northeast of downtown Pittsburgh on State Route 28. The development may be accessed within minutes of the Pennsylvania Turnpike. Pittsburgh Mills is primarily expected to cater to a population within a market radius of 40 miles and an expected population of 2.4 million people.

The Mall features approximately ten anchor stores occupying approximately 700,000 square feet and approximately 170 in-line retail, restaurant and food court retailers occupying approximately 410,000 square feet of small shop space. The Mall layout was planned as a one-level "race-track" design with standard "Mills" features such as hardwood floors, colorful courts and Mall neighborhoods.

The property in the district is being developed by Pittsburgh Mills Limited Partnership. At the time of bond issuance, the partnership was jointly owned by partnerships affiliated with The Mills Limited Partnership, Kan Am USA XX Limited Partnership and A.V. Associates Limited Partnership, an affiliate company of Zamais Services, Inc. As of December 28, 2006, according to the Developer, The Mills Limited Partnership and/or its affiliates sold its interest in Pittsburgh Mills Limited Partnership and all property in the district.

B. GOVERNMENTAL APPROVALS AND PERMITS

A Zoning Ordinance Amendment was approved by the Frazer Board of Supervisors in September 2002 that contains many of the conditions that apply to the development. The Developer has received all zoning approvals necessary in connection with the development. According to the Developer, all required permits have been obtained.

C. STATUS OF DEVELOPMENT

Status of Mall Construction

The Developer hired a Maryland based general contractor, the Whiting-Turner Contracting Company, to construct the Mall. Mall construction commenced in the third quarter of 2004 and the Mall opened to the public on July 14, 2005. As of June 30, 2015 (*which was the last quarterly update provided by the developer*), the Developer reported that leases have been signed with eight anchor stores and 111 specialty tenants totaling 930,574 square feet, representing 87.3 percent of the leaseable space within the Mall. The Developer had previously reported that, in the Mall section, Macy's, Cinemark, Dick's Sporting Goods, JC Penney, IIT Technical Institute, H&M and Sears Grand are complete. The space for Linens N' Things is also complete, but was vacated on August 31, 2008. According to the Developer, the IIT Technical Institute lease for 21,476 square feet commenced January 1, 2010. The Developer had previously reported that two new tenants, Legends Fitness and Joann Fabrics signed leases for 15,000 square feet and 22,000 square feet, respectively during 2014.

As of January 28, 2015, the Developer was continuing to explore the possibility of constructing a water park that would also contain a hotel complex. The facility would be attached to the Mall in the area adjacent to Dick's Sporting Goods (E-2). As reported in the previous annual report, the overall cost of this project would exceed \$60,000,000. As of January 28, 2015, the Developer reports that the water park and hotel are still

in a preconstruction phase of development. The Developer is currently finalizing a joint venture agreement and expected to break ground in late 2015.

Status of the Village and Pad Sites Construction

The Developer proposed to develop The Village of Pittsburgh Mills to include approximately 109 acres of land to be sold or leased to large-box, full-price and value retailers, restaurant operators and other users and approximately 26 acres of land to be sold for retail and other uses.

As of June 30, 2015, the Developer reports that construction for First Commonwealth Bank, PNC Bank, Lowe's Home Improvement, Steak 'n Shake, Longhorn Steakhouse, Chili's, Red Robin, Wal-Mart Supercenter, Sam's Club, Eat N' Park, Olive Garden, Smokey Bones, Best Buy, PetSmart, Ross, Michael's, Office Max and Doppco Development's strip center is complete and open. The Developer also reports that Springhill Suites, a 115-suite hotel, is open for business.

Table III-1 below shows the status of construction and occupancy of the village and pad sites as reported by the Developer as of June 30, 2015.

**Table III-1
The Village and Pad Sites Construction Status**

Buyer	Use	Lot	Construction Status	Occupancy Status
Kaufman's	Macy's Department Store	M-1A	Complete	Open
Pittsburgh Mills Auto Properties, LLP	Regional Shopping Center	A-Block	Complete	Open
Krasta Properties	Springhill Suites Hotel	B-1	Complete	Open
W.C.S.R., Inc.	Eat'N Park Restaurant	B-2	Complete	Open
PinPoint Frazer Associates 1 LLC	Starbucks	C-1	Complete	Open
Doppco Development	Doppco Development	C-2	Complete	Open
Steak'n Shake Operations, Inc.	Steak'n Shake Restaurant	C-3	Complete	Open
GMR Restaurants of Pennsylvania, Inc.	Smokey Bones Restaurant	D-1	Complete	Open
Red Robin International, Inc.	Red Robin Restaurant	D-2	Complete	Open
GMR Restaurants of Pennsylvania, Inc.	Olive Garden Restaurant	D-3	Complete	Open
Rare Hospitality International, Inc.	Longhorn Steakhouse	D-4	Complete	Open
Brinker Penn Trust	Chili's Restaurant	K-1	Complete	Open
PNC Bank	Bank	K-2	Complete	Open
First Commonwealth Bank	Bank	K-3	Complete	Open
VPM Associates LLC	Ross, Michael's, Office Max	N-Block	Complete	Open
Lowe's Home Centers, Inc.	Lowe's	O-1	Complete	Open
VPM Associates LLC	Best Buy	O-2	Complete	Open
VPM Associates LLC	Petsmart	O-3	Complete	Open
Sam's Real Estate Business Trust	Sam's Club	P-1	Complete	Open
Wal-Mart Real Estate Business Trust	Wal-Mart Supercenter	P-2	Complete	Open

Leasing Status

Table III-2 on the following page shows a listing of the occupancy and lease area of the Mall anchors as reported by the Developer as of June 30, 2015.

Table III-2
Anchor Stores

Tenant	Type	Square Feet Leased
Legends Fitness	Gym	28,000
H&M	Clothing Store	20,005
Joann Fabrics	Clothing Store	22,000
ITT Technical Institute	School	21,476
Dick's Sporting Goods	Sporting Goods	50,843
Cinemark IMAX 3D Theatre	Movie Theaters	77,820
JCPenney	Clothing and Home Furnishings	99,332
Kaufmann's	Department Store	164,958
Sears Grand ^[1]	Clothing and Home Furnishings	165,796
Total		650,230

[1] Sears Grand vacated property during the first quarter of 2015. Its lease was through November 2015.

At the time the Series 2004 Bonds were issued, the Developer reported that leases or letters of intent had been entered into with eight of the proposed ten anchor tenants for the Mall, which accounted for approximately 90 percent of the anchor and major tenant space within the Mall and approximately 56 percent of the total Mall space.

As of June 30 2015, the Developer reports that total leaseable space in the Mall is 1,066,628 square feet, consisting of 675,392 square feet for anchor stores and 391,236 square feet for specialty stores. The Developer reports that leases have been signed for 650,230 square feet of the total 675,392 square feet for anchor stores in the Mall, representing 96.3 percent of the leaseable space for anchor stores in the Mall. According to the developer, this leaseable space included the space leased to Sears Grand, which vacated property during the first quarter of 2015 as its lease was through November 2015. The Developer also reports that 25,162 square feet of anchor stores leaseable space was subject to letter of intent to lease.

As of June 30 2015, the Developer reports that leases have been signed for 275,871 square feet of the total 391,236 square feet of leaseable space for specialty stores in the Mall, representing 70.5 percent of the leaseable space for specialty stores in the Mall. The Developer also reports that 17,825 square feet leaseable space was subject to letter of intent to lease and 53,707 square feet of leaseable specialty store space is under lease negotiations and 43,833 square feet of leaseable specialty store space is not subject to lease, letter of intent or lease negotiations.

Table III-3 below provides a summary of the leasing status of Mall parcels as reported by the Developer as of June 30, 2015.

Table III-3
Status of Mall Parcel Leasing

Leasing Status	Anchor	Specialty Tenants
Leasable Space (square feet)	675,392	391,236
(i) Currently under lease	650,230	275,871
(ii) Currently subject to letter of intent to lease	25,162	17,825
(iii) Under lease negotiations	0	53,707
(iv) Not subject to lease, letter of intent, or lease negotiations	0	43,833

Tables III-4a and III-4b below provides a list of those anchors and specialty shops reported by the Developer as of June 30, 2015.

**Table III-4a
Anchor Tenants**

Tenant	Type	Square Feet Leased
Cinemark	Anchor	77,820
Dick's Sporting Goods	Anchor	50,843
H&M	Anchor	20,005
ITT Technical Institute	Anchor	21,476
J.C. Penney	Anchor	99,332
Joann Fabrics	Anchor	22,000
Kaufmann's	Anchor	164,958
Legends Fitness	Anchor	28,000
Sears	Anchor	165,796
Total Leased Anchor Space		650,230

**Table III-4b
Specialty Tenants**

Space #	Current Tenant	Square Feet
3700-101	Twist N' Shout Academy	5,297
3700-110	Auntie Anne's	775
3700-114	J.B. Robinson Jewelers	1,459
3700-117	Panera Bread	4,755
3700-120	More Wireless	1,508
3700-121	TJ Asian And Sushi	6,554
3700-124	Footaction	2,595
3700-134	Kitchen Collection	3,540
3700-138	Cingular Wireless	2,042
3700-145	Dave & Brian's Collectors Den	1,751
3700-146	Yankee Candle Company	1,400
3700-149	Petland	3,959
3700-153	Uberglass	1,200
3700-154	Community Gold & Jewelry Buyer	1,008
3700-163	Joan's Fine Art	1,589
3700-164	Hallmark Or Hallmark Gold Crow	3,941
3700-165	Chateau Jewelers	1,470
3700-169	Wireless Zone Ii	1,470
3700-170	Shoe Department	9,527
3700-176	Victoria's Secret	6,214
3700-202	Mobile Phone Pros	4,852
3700-208	C J Banks	3,178
3700-210	Christopher & Banks	3,001
3700-212	Seasons Crafts & Gifts II	2,168
3700-214	Seasons Crafts & Gifts	4,026
3700-219	Scrub Shack	5,510
3700-220	New Dimension Comics	5,496

Space #	Current Tenant	Square Feet
3700-225	Top Hat Tuxedo	1,246
3700-227	Top Hat Tuxedo	649
3700-229	Top Hat Tuxedo	1,052
3700-230	New Dimension Comics II	3240
3700-234	Verizon Wireless	2,792
3700-238	J.C. Penney Storage	1,247
3700-242	Pearle Vision	2,377
3700-246	Champs Sports	4,373
3700-265	GNC And/Or GNC Live Well	1,154
3700-269	Mastercuts	988
3700-277	The Amish Home	1,653
3700-281	The Amish Home	2,185
3700-300	Dollar Value	4,043
3700-301	Top Hat Tuxedo Storage	1,887
3700-308	Alli-Kiski	1,869
3700-309	Ovation School Of Dance	999
3700-313	Paris Nails	988
3700-316	Littman Jewelers	1,544
3700-317	Marble Slab Creamery	959
3700-318	Marine Corps	898
3700-321	Puff N Stuff	736
3700-325	Steelers Sideline Store	3,870
3700-327	Windgate Vineyards	1,980
3700-328	Different Twist Pretzel	767
3700-337	Tilt	3,784
3700-344	Mason Elite Basketball	4,011
3700-348	Baseball 19	4,012
3700-351	Glow Golf	6,030
3700-352	Baseball 19	2,677
3700-360	Journey's	2,681
3700-364	Footlocker	2,860
3700-367	Body Central	4,603
3700-373	Aeropostale	3,321
3700-375	Rue 21	3,773
3700-402	Spencer Gifts	1,904
3700-405	La Boutique	916
3700-406	Lu Lu Massage	1,300
3700-408	RPG Sports	2,837
3700-409	Hat World / Lids	951
3700-412	Pacific Sunwear	4,025
3700-413	More Wireless	1,092
3700-418	Hot Topic	1,818
3700-419	EB Games	989
3700-423	Kay Jewelers	1,421
3700-427	Starbucks	1,238
3700-428	American Eagle Outfitters	6,014

Space #	Current Tenant	Square Feet
3700-433	Johnny Rockets/ Houlihans	7,590
3700-434	Charlotte Russe	6,993
3700-442	Claire's Boutique	1,227
3700-448	Bath & Body	3,754
3700-452	Mobile Nation	915
3700-500	Go! Calendar	4,003
3700-501	Limited Too	4,841
3700-507	Children's Place And/Or Baby	4,635
3700-508	Indegenous	2,497
3700-511	Digi Express II	1,926
3700-515	UWUA Local	1,817
3700-516	Giggles & Smiles	3,464
3700-519	Komplete Martial Arts	2,047
3700-520	Z Corner Store	1,488
3700-532	Earthbound Trading Company	2,537
3700-536	Payless Shoesource	2,789
3700-548	Family Financial Physicians	962
3700-552	Elegant Nails Spa	1,347
3700-555	Digi Express	4,309
3700-556	Destination Wellness	1,833
3700-563	Philip Pelusi	1,728
3700-568	Riverside Community Church	10,030
3700-569	Cindy Bee Lee Designs	1,060
3700-580	R&R Eyewear Excellance	1,149
3700-FC1	Subway	850
3700-FC2	Taco Bell/KFC	813
3700-FC5	Famous Cajun Grill	832
3700-FC6	Famous Wok	826
3700-FC7	Charley's Grilled Subs	834
3700-FC8	Villa Pizza	737
Total		275,871

Status of Village and Pad Site Sales

The village and the pad site land are comprised of approximately 28 separate parcels. At the time the Series 2004 Bonds were issued, one parcel had been closed and eleven parcels were under contract and expected to close by December 31, 2004. These parcel sales were expected to generate approximately \$36,000,000 in land sale proceeds, representing approximately 63 percent of the land sale proceeds to be derived by the Developer. At the time of bond issuance, seven additional land sales were expected to close, representing an additional 24 percent of total land sale proceeds. The Developer chose to retain certain parcels to sell, lease or develop in the future.

According to the Developer, as of June 30, 2015, there have been 20 lots sold, totaling approximately 128.9 acres, within the village and pad sites. Table III-5 below provides a list of lots sold including the owner and proposed use as reported by the Developer as of June 30, 2015.

Table III-5
Village and Pad Site Lot Sales

Owner	Lot	Acres	Land Use
Pittsburgh Mills Auto Properties, LLP	A-Block	12.7	Regional Shopping Center
May Department Stores Company (The)	M-1A	12.3	Macy's Department Store
Frazier Mills Hospitality Associates LP	B-1	2.5	SpringHill Suites Hotel
W.C.S.R., Inc.	B-2	1.9	Eat'N Park Restaurant
PinPoint Frazer Associates, LLC	C-1	1.5	Starbucks
Doppco	C-2	1.0	Doppco Development
Steak 'n Shake Operations, Inc.	C-3	1.4	Steak 'n Shake Restaurant
Spirit Master Funding IV, LLC	D-1	1.9	Smokey Bones Restaurant
Red Robin International, Inc.	D-2	1.9	Red Robin Restaurant
GMR Restaurants of PA, Inc.	D-3	2.1	Olive Garden Restaurant
Rare Hospitality International, Inc.	D-4	3.1	Longhorn Steakhouse Restaurant
Brinker Penn Trust	K-1	1.5	Chili's Restaurant
PNC Bank National Association	K-2	1.3	PNC Bank
First Commonwealth Bank	K-3	1.6	First Commonwealth Bank
VPM Associates LLC	N-Block	13.6	Ross, Michael's, Office Max
Lowe's Home Centers, Inc	O-1	14.9	Lowe's
VPM Associates LLC	O-2	3.4	Best Buy
VPM Associates LLC	O-3	3.8	Petsmart
Sam's Real Estate Business Trust	P-1	14.6	Sam's Club
Wal-Mart Real Estate Business Trust	P-2	31.9	Wal-Mart Supercenter
Total		128.9	

Status of Financing

According to the Developer, on December 27, 2006, Morgan Stanley Mortgage Corporation approved a loan to Pittsburgh Mills LP in the amount of \$133,000,000. The terms of the loan provided a repayment schedule of five years with no option for extension and payments of interest only during the loan period. The original maturity date was January 8, 2012. As of December 31, 2014, the Developer reports that the balance on the loan was \$133,000,000. According to the Developer, there have been no repayments on loan amounts drawn to date. As of January 28, 2015, the Developer also reports that the loan was extended at an interest rate of 4.75 percent and matures April 8, 2015. Consequent to this maturity, the lender has declared the Loan in default and demanded payment of the Indebtedness. As previously reported on a material notice filed with EMMA on November 17, 2015, a complaint in mortgage foreclosure was filed against the Developer on November 11, 2015 in the in the United States District Court for the Western District of Pennsylvania. According to this filing, the default amount is equal to \$142,899,246.44 and includes the original principal of \$133,000,000 and deferred payments and fees. Subsequent to this complaint the United States District Court for the Western District of Pennsylvania has appointed a receiver to operate and manage the real and personal property for the Mall effective January 26, 2016.

D. PUBLIC IMPROVEMENTS

The construction of public infrastructure improvements funded with bond proceeds included a full-access interchange from Pennsylvania Route 28, including erosion control, excavation and earthwork, pavements, storm sewer, guard rail and fencing, marking, lighting and signage, traffic signals and retaining wall; relocation of approximately 2,100 feet of Tawney Run Road; improvements to local roads, including traffic signals, intersection improvements, the addition of turn lanes, widening and other intersection upgrades; the installation of off-site sewer and water systems; relocation of electrical utilities; wetland mitigation and environmental remediation; construction of connecting interior roads within the district and associated

earthwork; installation of deep valley storm sewer improvements including the installation of an electric duct bank and manholes, a water main and sanitary and gas lines; and related and necessary improvements within the district.

The Developer previously reported that the platting, on-site infrastructure, Route 28/Pittsburgh Mills Boulevard interchange and the sanitary sewer are complete. The Developer also reports that the off-site road improvements at Route 910 are complete.

Table III-6 below shows the current status of the construction of the public improvements funded with the Series 2004 Bond proceeds and surplus TIF revenues as reported by the Developer as of June 30, 2015.

**Table III-6
Status of Public Infrastructure Construction**

Public Improvements	Percent Complete
Construction of Interchange	99.0%
Public Roads	99.0%
Design	100.0%
Land	100.0%
Offsite Utilities	100.0%
Onsite Utilities	100.0%
Environmental	99.0%
Field Office Costs	100.0%

As of June 30, 2015, the Developer reports that \$55,289,333 had been expended for the construction of the public improvements. As of June 30, 2015, the Developer reports that 100.0 percent of the project funds have been drawn. Table III-7 below shows the public improvements, the original budget, budget changes, the revised budget and the amount spent by line item as reported by the Developer as of June 30, 2015.

**Table III-7
Project Budget and Expenditures for Public Improvements**

Public Improvements	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Construction of Interchange	\$21,730,708	\$0	\$21,730,708	\$19,538,162	99.0%
Public Roads	\$9,379,630	\$0	\$9,379,630	\$5,600,281	99.0%
Design	\$7,119,214	\$0	\$7,119,214	\$6,767,807	100.0%
Land	\$2,672,432	\$0	\$2,672,432	\$2,672,432	100.0%
Offsite Utilities	\$1,460,000	\$0	\$1,460,000	\$400,919	100.0%
Onsite Utilities	\$16,392,941	\$0	\$16,392,941	\$16,392,941	100.0%
Environmental	\$886,441	\$0	\$886,441	\$886,441	99.0%
Field Office Costs	\$3,030,349	\$0	\$3,030,349	\$3,030,349	100.0%
Total	\$62,671,715	\$0	\$62,671,715	\$55,289,333	

IV. TRUSTEE ACCOUNTS

The Trustee for the Series 2004 Bonds is Wells Fargo Bank, National Association. The following table shows the beginning balance as of December 31, 2016, interest paid, disbursements, additional proceeds, and account balances for each fund as of December 31, 2017

Table IV-1
Trustee Accounts

Fund	Balance 12/31/16	Interest Paid	Additional Proceeds	Disburse- ments	Balance 12/31/17
Debt Service Fund	\$587	\$11,295	\$10,135,599	\$5,024,760	\$5,122,720
Project Fund	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$0	\$0	\$0	\$0	\$0
Revenue - Tax Increment Fund	\$5,014,352	\$4,365	\$5,069,192	\$10,087,908	\$0
Revenue -Assessment Fund	\$706,222	\$0	\$923,000	\$1,500,194	\$129,028
Surplus Fund	\$0	\$0	\$0	\$0	\$0
Public Safety Fund	\$6	\$0	\$1,284,488	\$652,387	\$632,107
Administration Expense Fund	\$209	\$452	\$131,272	\$27,296	\$104,637
County Tax Fund	\$0	\$630	\$803,836	\$804,231	\$235
Township Tax Fund	\$0	\$850	\$332,142	\$332,472	\$520
School District Tax Fund	\$49,405	\$802	\$4,035,259	\$4,017,401	\$68,065
Total	\$5,770,781	\$18,394	\$22,714,788	\$22,446,649	\$6,057,314

- Disbursements from the Debt Service Fund were payments of interest and principal on the bonds.
- On April 30, 2009, the Developer delivered a Letter of Credit by Bank of America for deposit to the Debt Service Reserve Fund. The principal balance of \$5,000,000, previously held in the Reserve Fund was returned to the Developer.
- Disbursements from the Revenue - Tax Increment Fund are transfer of TIF revenues to Debt Service Fund, Administrative Expense Fund and Public Safety Fund for payments of debt service on the bonds, administrative expenses and payment of the public safety payment due on January 1, 2016.
- Disbursements from the Administrative Expense Fund are for payment administrative expenses.
- Additional proceeds to the Revenue - Assessment Fund are receipts of NID special assessment revenues levied by the Township for tax year 2017.
- Additional proceeds to the Revenue - Tax Increment Fund are transfer of TIF revenues from the three taxing authorities' escrow accounts.
- Additional proceeds to the County Tax Fund, Township Tax Fund and School District Tax Fund were receipts of tax revenues levied by the three taxing authorities. These revenues are subsequently distributed to the County of Allegheny, Frazer Township, the Deer Lakes School District and the RAAC pursuant to the Cooperation Agreement. The RAAC portion is deposited into the Revenue - Tax Increment Fund.

Proceeds in the funds and accounts are invested in government money market funds currently earning interest between 0.07 and 0.09 percent. Table IV-2 shows the rate of return on the funds and accounts held by the Trustee as of December 31, 2017.

Investment income on the Debt Service Fund will be applied to the payment of debt service. Investment income in the Revenue Fund will be applied to the payment of debt service as needed when other sources of funds are insufficient on interest and principal payment dates. Investment income on the Surplus Fund will remain in the fund. Any investment income earned on the Public Safety Fund will be transferred to the Township on January 1 of each year. Investment income on the Administrative Expense Fund will remain in the fund and will be used to pay administrative expenses. Investment income on the County Tax Fund, the Township Tax Fund and the School District Tax Fund will remain in the respective accounts and will be used for the purposes of the accounts.

Table IV-2
Rate of Return

Account	Rate of Return
Debt Service Fund	0.09%
Revenue – Tax Increment Fund	0.09%
Administration Expense Fund	0.09%
County Tax Fund	0.09%
Township Tax Fund	0.09%
School District Tax Fund	0.09%

V. DISTRICT OPERATIONS

The information provided in this section is taken from the annual assessment report for the Pittsburgh Mills Neighborhood Improvement District dated January 24, 2017. The information herein reflects information available as of the same date and may not contain the most updated information regarding real property tax and assessment collections, delinquencies, changes to the assessed value of the property within the district or other updates to the expected debt service on the Series 2004 Bonds as of the date of this annual continuing disclosure report.

A. ANNUAL REVENUE REQUIREMENT

The Annual Revenue Requirement is defined as follows:

For any tax year, the sum of the following, (1) regularly scheduled debt service on the Bonds to be paid from the Annual Payments except for principal and interest on the bonds to be paid from Special Assessment Prepayments on deposit with the trustee; (2) periodic costs associated with such bonds, including but not limited to rebate payments and credit enhancements on the bonds; and (3) administrative expenses; less (a) any credits applied under the bond indenture, such as interest earnings on any account balances, and (b) any other funds available to the bonds that may be applied to the Annual Revenue Requirement.

Table V-1 provides a summary of the Annual Revenue Requirement for the 2017 tax year, which is to pay aggregate debt service and expenses during 2018. Each of these numbers is explained in the following sections.

Table V-1
Annual Revenue Requirement

<i>Debt Service Requirements For Series 2004 Bonds</i>	
Interest on 2004 Bonds, January 1, 2018	\$748,860
Interest on 2004 Bonds, July 1, 2018	\$748,860
Principal on 2004 Bonds July 1, 2018	\$3,625,000
<i>Sub-total debt service 2018</i>	<i>\$5,122,720</i>
Administrative Expenses	\$88,600
Contingency @ 2% of debt service & admin expenses	\$104,898
Total debt service and administrative requirements	\$5,316,218
<i>Total available revenues</i>	
2017 estimated net TIF revenues	(\$5,089,218)
<i>Less Public Safety Fee due on January 1, 2018</i>	\$671,958
<i>Less Deficit from prior year</i>	\$24,043
<i>Net TIF Revenues available for Debt Service</i>	(\$4,393,218)
2016 surplus TIF revenues after 7/1/2017 payment	\$0
<i>Estimated total available revenues</i>	(\$4,393,218)
Annual Revenue Requirement	\$923,000

Debt Service

Debt service includes interest on the bonds payable on January 1, 2018 and July 1, 2018. The interest

payments due January 1, 2018 and July 1, 2018 are equal to six months of interest on the term bonds as shown below.

January 1 & July 1, 2018 Term 2023 Bonds of \$26,745,000 at 5.60% \$748,860

Principal payment in the amount of \$3,625,000.00 is due on the bonds on July 1, 2018, respectively. As a result, total debt service is \$5,122,720.00

Administrative Expenses

Administrative expenses for 2016 are estimated to be \$88,600.00. Administrative expenses include payments to the trustee, the administrator, legal counsels and the expenses of the RAAC and NIDMA related to the district.

Contingency

A contingency equal to approximately two a percent has been added in the event of unanticipated expenses or real property tax appeals or delinquencies. This contingency may also be used to offset the two percent discount provided for the early payment of regular real property taxes (*i.e., the regular real property taxes payments paid prior to March 31 for the county, June 30 for the Township and August 31 for the School District shall receive a discount equal to 2.0% of the aggregate payment due at such time*).

Distribution of 2016 Tax Revenues and Surplus (Deficit) from Prior Year

Total property taxes for the 2016 tax year was equal to \$6,521,909.03. The base property tax for 2016 was equal to \$36,256.05. Accordingly, the incremental TIF revenues available for distribution during 2016 was equal to \$6,485,652.98 (\$6,521,909.03 - \$36,256.05 = \$6,485,652.98) as shown in the table below. Pursuant to the terms of the Cooperation Agreement, the base tax, TIF Revenues and interest income realized by these tax revenues should be distributed by the trustee periodically. After deduction of base tax, each taxing body shall receive a certain percentage of the TIF revenue. The township and the county will each receive 25% and the school district will receive 20% of the total TIF revenues collected each year. Accordingly, the township, the county and school district share of 2016 TIF revenues was equal to \$85,126.45, \$281,948.29 and \$1,038,256.43, respectively. The Authority share was equal to \$5,119,136.25. Table V-2 below shows the distribution of 2016 tax revenues and the accrued interest.

**Table V-2
2016 Tax Revenue Distribution**

Taxing Authority	Township of Frazer	School District	Allegheny County	Total
Total property taxes collected for 2016	\$333,364	\$5,079,478	\$1,109,067	\$6,521,909
<i>less</i> base year tax	\$2,063	\$27,951	\$6,242	\$36,256
<i>Total TIF Revenues</i>	\$331,301	\$5,051,527	\$1,102,825	\$6,485,653
<i>Percent of TIF revenues paid to taxing bodies</i>	25%	20%	25%	
TIF Revenue to taxing body	\$82,825	\$1,010,305	\$275,706	\$1,368,837
Disbursement to taxing body (<i>TIF + base</i>)	\$85,126	\$1,038,256	\$281,948	\$1,405,331
<i>Disbursement to TIF Revenue Fund</i>	\$248,476	\$4,043,096	\$827,565	\$5,119,136

Special assessments in the amount of \$1,262,000 were to be collected during 2016. Special assessments in the amount of \$1,262,000 had been collected and remitted to the trustee through July 31, 2016. As a result,

there are no delinquent special assessments. The balance from the prior year that may be applied to pay the annual payment in 2016 and 2017 is shown in Table V-3 below. As January 20, 2017, the balance of Authority's 2016 TIF revenues in the amount of \$4,108,265.55, \$0.27 and \$88,600.00 were held in the Debt Service Fund, TIF Surplus Fund and Administrative Expenses Fund. An additional, \$50,071.95 held in the School District Escrow Fund will be transferred to the TIF Revenue Fund. As a result, the aggregate TIF revenues that are available to pay debt service and administrative expenses during 2017 is equal to \$4,246,937.77. The debt service due on the bonds on July 1, 2017 constitutes an interest payment of \$842,380.00 and a principal payment of \$3,340,000.00. The balance of 2017 administrative expenses are estimated to be \$88,600.00. Accordingly, the deficit that needs to be funded with revenues collected in tax year 2017 is equal to \$24,042.23 ($\$4,246,937.77 - \$842,380.00 - \$3,340,000.00 - \$88,600.00 = -\$24,042.23$) as shown in Table V-3 below.

Table V-3
Surplus from Prior Year

Available Funds as of January 19, 2017	
Debt Service Fund	\$4,108,266
TIF Surplus Fund	\$0
Administrative Expense Fund	\$88,600
TIF Revenue Fund(to be transferred from SD Fund)	\$50,072
<i>Subtotal available funds</i>	<i>\$4,246,938</i>
Interest on 2004 Bonds, July 1, 2017	<i>(\$842,380)</i>
Principal on 2004 Bonds July 1, 2017	<i>(\$3,340,000)</i>
<i>Sub-total debt service 2017</i>	<i>(\$4,182,380)</i>
Balance of 2017 administrative expenses	<i>(\$88,600)</i>
<i>Total debt service 2017 & Admin expenses</i>	<i>(\$4,270,980)</i>
<i>Deficit from Prior Year</i>	<i>(\$24,042)</i>

Estimated TIF Revenues

Pursuant to the Cooperation Agreement and the Indenture, all Tax Increment Revenues collected are pledged to secure the Bonds and shall be deposited into the Tax Increment Fund. The Tax Increment Revenue consist of a percentage of the real property taxes collected in the TIF District in excess of the base assessed value less the amount payable to the respective Taxing Bodies as provided for in the Cooperation Agreement.

The base value of the taxable property in the TIF District for the base year, which was December 31, 2002, was equal to \$1,331,000. The assessed value for all parcels in the district as of January 19, 2017 is equal to \$235,518,300. The incremental assessed value is, therefore, estimated to equal \$234,187,300 ($\$235,518,300 - \$1,331,000 = \$234,187,300$). Taxable property in Allegheny County is subject to real property taxes imposed by three separate taxing bodies namely, the county, the local municipality and the local school district. Property owners receive a two percent discount on their real property tax bills each year. The millage rates for each of the three taxing bodies and the estimated TIF revenues resulting from the incremental value, which is to be collected by the three taxing bodies for fiscal year 2016, is estimated to be \$6,552,797 as shown in the table below.

Table V-4
Estimated TIF Revenues Collected in 2016

Taxing bodies	Township	School District	County	Total
Real Property Tax Rate (mills)	0.00142	0.021953	0.00473	0.028103
Assessed Value at 01/26/16				\$235,518,300
Base Year Assessed Value				(\$1,331,000)
Incremental Value				\$234,187,300
Estimated TIF Revenues to be collected	\$325,895	\$5,038,292	\$1,085,552	\$6,449,738
<i>Percent of TIF revenues paid to taxing bodies</i>	<i>25%</i>	<i>20%</i>	<i>25%</i>	
Estimated TIF Revenues to taxing bodies	\$81,474	\$1,007,658	\$271,388	\$1,360,520
Estimated TIF Revenues to Authority	\$244,421	\$4,030,633	\$814,164	\$5,089,218

The Cooperation Agreement provides for all tax revenues collected from parcels within the district to be deposited into the tax funds for each taxing body that is held by the trustee as the Escrow Agent. After deduction of base tax, each taxing body shall receive a certain percentage of the TIF revenue. The township and the county will each receive a share equal to 25% and the school district will receive 20% of the total TIF revenues collected each year. The estimated TIF revenues due to the taxing bodies and the Authority are shown in the table above. The TIF Plan provided annual payment to the Township on each January 1st. This payment, which is paid pursuant to the terms of the Cooperation Agreement, is paid in the recognition of the additional public safety costs that the Township incurs as a result of the Development. The annual Public Safety Payment due on January 1, 2018 to the Township is equal to \$671,958. This amount will be paid from the Authority portion on TIF revenues.

Accordingly, the estimated TIF Revenues that will be available for debt service and administrative requirements for fiscal year 2017 is equal to \$4,393,218 (\$5,089,218 - \$671,958 - \$24,042 = \$4,393,218). This is the net 2017 TIF revenues that are available after deducting the amount required to fund the annual Public Safety Payment. Accordingly, the estimated TIF Revenues that will be available debt service and administrative requirements for fiscal year 2016 is equal to \$4,393,218.

Annual Credit

The Annual Credit for each year is equal to the Annual Assessment less the Annual Revenue Requirement. Annual Revenue Requirement for 2017 is \$923,000. The Annual Credit for 2016 is shown in Table V-5:

Table V-5
Summary Annual Credit

Improvement Area	Annual Assessment
Annual Assessment	\$5,611,400
Annual Revenue Requirement	\$923,000
Annual Credit	\$4,688,400

Annual Payment

The Annual Payment each year is equal to the Annual Assessment less the Annual Credit. The Annual Payment due for collection in 2017 is equal to \$923,000 as shown on Table V-6 below:

Table V-6
Summary Annual Payment

Improvement Area	Annual Assessment
Annual Assessment	\$5,611,400
Annual Credit	(\$4,688,400)
Annual Payment	\$923,000

Summary

Debt service and other district expenses are estimated to be equal to \$5,316,218. Total available revenues are estimated to be equal to \$4,393,218 resulting in an estimated deficit of \$923,000. As a result, the annual revenue installment for the fiscal year 2017 is \$923,000.

B. DELINQUENT TAXES AND SPECIAL ASSESSMENTS

Special assessments in the amount of \$1,262,000 were to be collected during 2016. Special assessments in the amount of \$1,262,000 had been collected and remitted to the trustee through July 31, 2016. Accordingly, there are no special assessments outstanding at this time as shown in Table V-7 below.

Table V-7
Special Assessment
2016

Special Assessment	Amount Collected	Percent Delinquent
\$1,262,000	\$1,262,000	0.0%

Ad valorem real property taxes in the aggregate amount of \$6,618,014 were to be billed by the three taxing agencies in 2016. According to Allegheny County and the Frazer Township tax collector, ad valorem real property taxes in the amount of \$6,521,909 had been collected as of February 11, 2017. The amount collected represents 100 percent of the real property taxes to be collected in 2016 less discounts. Table V-9 below shows the ad valorem real property taxes billed and collected by each taxing agency during 2016.

Table V-9
Ad Valorem Real Property Taxes
2016

Area	Amount Due	Amount Collected	Percent of Total
Allegheny County	\$1,125,332	\$1,109,067	17.0%
Frazer Township	\$338,062	\$333,364	5.1%
Deer Lakes School District	\$5,154,620	\$5,079,478	77.9%
Total	\$6,618,014	\$6,521,909	100.00%

C. COLLECTION EFFORTS

There is no collection process underway for the fiscal year 2016 as all ad valorem real property taxes has been collected and remitted to the trustee.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2017, unless otherwise stated.

A. FUND BALANCES

The fund balances in all of the funds and accounts, as of December 31, 2017, provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Assessments by the county since the bonds were issued.

C. CHANGES IN THE AD VALOREM TAX RATES

Taxable property in Allegheny County is subject to real property taxes imposed by three separate taxing bodies, namely: the county, the local municipality and the local school district. There was no change of ad valorem tax rates for Allegheny County, Frazer Township and Deer Lakes School District between tax year 2016 and tax year 2017. The 2017 ad valorem tax rates for Allegheny County, Frazer Township and Deer Lakes School District are \$4.73, \$1.42 and \$21.953 per \$1,000 of assessed value, respectively.

Table VI-1 below depicts the millage rates for Deer Lakes School District, Frazer Township, and Allegheny County for tax years 2016 and 2017. Tax rates are expressed per \$1,000 of assessed value.

Table VI-1
Millage Rates

Area	2016	2017	Change
Allegheny County	4.7300	4.7300	0
Frazer Township	1.4200	1.4200	0
Deer Lakes School District	21.9530	21.9530	0
Total	28.1030	28.1030	0

D. ASSESSED VALUE OF REAL PROPERTY

Table VI-2 on the following page shows the phased-in assessed value of the taxable property within the district as of January 26, 2017. The base value of the taxable property in the TIF District for the base year, which was December 31, 2002, was equal to \$1,331,000. According to the Assessment Office of Allegheny County, the 2017 assessed value of all parcels in the district was \$235,780,300. The incremental assessed value is, therefore, estimated to equal \$234,449,300 ($\$235,780,300 - \$1,331,000 = \$234,449,300$).

Table VI-2
Assessed Value of Property

Parcel Number	Owner	Land Use	Acreage	2017 Assessed Value
839-S-4	Brinker Penn Trust	Chili's	1.58	\$1,769,200
839-S-19	C S M C 2006 C 5 Retail 2015 LP	Great Clips	1.03	\$1,160,400
840-N-10	FCPT Keystone Properties LLC	Olive Garden	2.06	\$2,435,700
840-N-15	FCPT PA Hospitality Properties LLC	Longhorn Steakhouse	3.11	\$1,866,700
839-S-10	First Commonwealth Bank	First Commonwealth Bank	1.4	\$1,252,600
839-R-5	Frazier Mills Hospitality Associates LP	Springfield Suites (Marriott)	2.58	\$9,303,900
839-S-13	High Eight Pittsburgh Mills, LLC	EatnPark	2.06	\$1,450,000
728-D-75	Lowe's Home Centers, Inc	Lowe's	15.18	\$9,082,600
839-M-101	May Dept. Stores	Kaufmann's	12.3	\$9,200,000
839-S-16	Pinpoint Frazer Assoc LLC	Starbucks	1.54	\$1,690,000
839-M-15	Pittsburgh Mills Auto Properties LLP	Vacant Land	2.32	\$836,100
839-M-30	Pittsburgh Mills Auto Properties LLP	Pad Site	2.4	\$913,700
839-M-45	Pittsburgh Mills Auto Properties LLP	Pad Site	3.19	\$1,173,400
839-R-1	Pittsburgh Mills Auto Properties LLP	Pad Site	2.56	\$894,900
839-S-1	Pittsburgh Mills Auto Properties LLP	Pad Site	1.98	\$693,600
729-B-7	Pittsburgh Mills LP	Vacant Land	27.33	\$64,600
839-S-7	PNC Bank	PNC Bank	1.48	\$1,320,400
840-N-5	Red Robin International, Inc	Red Robin	1.83	\$2,018,100
728-H-25	Sam's Real Estate Business Trust	Sam's Club	14.59	\$8,238,400
840-N-1	Spirit Master Funding IV, LLC	Smokey Bones	1.94	\$1,937,800
839-S-22	Steak n Shake	Steak n Shake	1.45	\$1,517,400
728-D-10	VPM Associates LLC	Sonic	13.68	\$11,887,500
728-D-60	VPM Associates LLC	Best Buy	7.3	\$6,198,700
728-H-52	Wal-Mart Real Estate Business Trust	Wal-Mart	31.93	\$10,331,600
728-H-100	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	7.23	\$74,900
839-L-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	7.3	\$13,700
839-L-75	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	9.59	\$54,500
839-R-25	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	2.24	\$78,400
840-F-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	9.35	\$22,200
840-F-100	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	7.01	\$32,100
840-K-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	4.77	\$1,669,500
840-K-100	Wells Fargo Bank, N.A., as Trustee ...	Mall	60.55	\$138,361,100
840-L-250	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	23.33	\$66,100
840-L-275	Wells Fargo Bank, N.A., as Trustee ...	Pad Site	2.23	\$624,400
840-P-10	Wells Fargo Bank, N.A., as Trustee ...	Sears Grand	11.03	\$7,500,000
840-P-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	5.48	\$46,100
Total			306.93	\$235,780,300

Source: Allegheny County Assessment Office.

E. DISTRICT SPECIAL ASSESSMENTS LEVIED

Tax increment revenues were not sufficient to pay debt service on the bonds and administrative expenses for tax year 2017. As a result, special assessments in the aggregate amount of \$923,000 were to be collected during 2017. The calculation of the annual revenue requirement for tax year 2017 is provided in Section V, "District Operations," of this report.

F. STATUS OF COLLECTION OF AD VALOREM AND SPECIAL ASSESSMENTS

According to Allegheny County, ad valorem real property taxes in the amount of \$1,115,245 were billed in 2017. A two percent discount is given to taxpayers if the real property taxes are paid by March 31st. According to the county, \$1,092,942 has been collected, representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.

Frazer Township ad valorem real property taxes in the amount \$334,809 were billed on the property within the district in tax year 2017. A two percent discount is given to taxpayers if the real property taxes are paid by May 31st. According to the tax collector for Frazer Township, township taxes in the amount of \$332,142 had been collected as of February 8, 2018 representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.

Deer Lakes School District ad valorem real property taxes in the amount \$5,176,106 were billed on the property within the district in tax year 2017. A two percent discount is given to taxpayers if the real property taxes are paid by August 31st. According to the tax collector for Frazer Township, school district taxes in the amount of \$5,072,024 had been collected as of February 8, 2018 representing 100.0 percent of the real property taxes to be collected in 2017 less discounts.

Table VI-3 below shows the ad valorem real property taxes billed and collected by each taxing agency during 2017.

Table VI-3
Ad Valorem Real Property Taxes
2017

Area	Amount Billed	Amount Collected	Percent of Total
Allegheny County	\$1,115,245	\$1,092,942	16.82%
Frazer Township	\$334,809	\$332,142	5.11%
Deer Lakes School District	\$5,176,106	\$5,072,024	78.07%
Total	\$6,626,160	\$6,497,108	100.00%

Special assessments in the amount of \$923,000 were to be collected during 2017. Special assessments in the amount of \$923,000 had been collected and remitted to the trustee through July 31, 2017. Accordingly, there are no special assessments outstanding at this time.

Table VI-4
Special Assessment
2017

Special Assessment	Amount Collected	Percent Delinquent
\$923,000	\$923,000	0.0%

G. APPEALS OF ASSESSED VALUE

As of February 8, 2018, there have been two parcels subject to assessed value appeals for tax year 2017. The assessed values of the Sam's Real Estate Business (Sam's REBT) and Wal-Mart Real Estate Business Trust (Wal-Mart REBT) parcels were contested based on hearings to approve the formal land use.

Table VI-5 on the following page shows the parcel numbers and owners of the appealed properties, the former assessed value of the properties, the reduction amounts and the assessed values after the reassessment.

Table VI-5
Assessment Appeals

Assessment Year	Appealed Parcel Number	Owner	Initial Value	Reduction Amount	Revised Value
2017	728-H-25	Sam's REBT	\$9,538,400	\$1,300,000	\$8,238,400
	728-H-52	Wal-Mart REBT	\$12,250,000	\$1,918,400	\$10,331,600

H. PRINCIPAL DISTRICT TAXPAYERS

Table VI-6 on the following page shows the owner, acreage and total property taxes and special assessments paid by the property owners within the district. The principal district taxpayers are Wells Fargo Bank, N.A., as Trustee for Morgan Stanley Capital I Inc, VPM Associates LLC, Wal-Mart REBT, May Department Stores Company, Lowe's Home Centers Inc., Sam's REBT and Frazier Mills Hospitality Associates LP. Real property taxes and special assessments in the aggregate amount of \$6,629,418 were collected from the seven principal taxpayers in 2017. This represents 89.4 percent of the aggregate amount of \$7,416,637 in real property taxes and special assessment due for collection in the district by Allegheny County, Frazer Township and Deer Lakes School District for tax year 2017.

**Table VI-6
Principal District Taxpayers**

Owner	Acreage	Total 2017			% of Total Collected
		Property Taxes	Special Assessments	Collected	
Wells Fargo Bank, N.A., as Trustee ... ¹	150.11	\$4,091,040	\$392,626	\$4,483,666	60.45%
VPM Associates LLC	20.98	\$498,111	\$85,397	\$583,508	7.87%
Walmart Real Estate Business Trust	31.93	\$284,542	\$90,137	\$374,679	5.05%
May Department Stores Company	12.3	\$253,377	\$62,291	\$315,667	4.26%
Lowe's Home Centers, Inc.	15.18	\$250,143	\$63,562	\$313,705	4.23%
Sam's Real Estate Business Trust	14.59	\$226,893	\$61,977	\$288,870	3.89%
Frazier Mills Hospitality Associates LP	2.58	\$256,238	\$13,085	\$269,323	3.63%
Pittsburgh Mills Auto Properties LLP	12.45	\$124,256	\$63,025	\$187,281	2.53%
FCPT Keystone Properties (Olive Garden)	2.06	\$67,081	\$8,376	\$75,457	1.02%
Red Robin International, Inc.	1.83	\$55,580	\$8,173	\$63,753	0.86%
Spirit Master Funding IV, LLC	1.94	\$53,369	\$9,849	\$63,218	0.85%
FCPT PA Hospitality (Longhorn)	3.11	\$51,411	\$7,520	\$58,931	0.79%
Brinker Penn Trust	1.58	\$48,725	\$7,981	\$56,706	0.76%
Pinpoint Frazer Associates I, LLC	1.54	\$46,544	\$7,814	\$54,358	0.73%
High Eight Pittsburgh Mills, LLC	2.06	\$39,934	\$10,447	\$50,381	0.68%
Steak N Shake Operations, Inc.	1.45	\$41,791	\$7,363	\$49,153	0.66%
PNC Bank National Association	1.48	\$36,365	\$7,515	\$43,880	0.59%
First Commonwealth Bank	1.4	\$34,498	\$7,110	\$41,607	0.56%
C S M C 2006 C 5 Retail 2015 LP	1.03	\$31,959	\$5,196	\$37,154	0.50%
West Penn Power Co.	1.546	\$0	\$3,560	\$3,560	0.05%
Pittsburgh Mills LP	27.33	\$1,779	\$0	\$1,779	0.02%
Total	308.47	\$6,493,637	\$923,000	\$7,416,637	100.0%

¹Wells Fargo Bank, N.A., as Trustee for Morgan Stanley Capital I Inc - 12 parcels

I. LAND USE AMENDMENTS

As of December 31, 2017, administrator has not received any update from the receiver manager or the trustee for the new owner in regard to any significant amendments to land use entitlements or legal challenges to the construction of the project (*there has been no update on quarterly development report from the developer or the receiver manager since the last quarterly update provided by the developer on September 9, 2015, which was for the period ending June 30, 2015*)

J. PUBLIC IMPROVEMENTS

As of December 31, 2017, administrator has not received any update from the receiver manager or the trustee for the new owner regarding any changes to the plan of development as approved by the county. According to the Developer, 100 percent of the project funds have been drawn.

The status and a description of the public improvements are provided in Section III, "The Development," of this report.

K. DEBT SERVICE COVERAGE

Table VI-7 below shows the debt service coverage for tax years 2016 and 2017. Please note that the tax year 2017 incremental revenues are based on actual collections reported by Allegheny County and Frazer Township.

**Table VI-7
Debt Service Coverage**

Account/Type	Tax Year 2016	Tax Year 2017
Debt Service: (Bond Year Ending July 1)		
Principal	\$3,340,000	\$3,625,000
Interest	\$1,684,760	\$1,497,720
Sub-total Debt Service	\$4,926,680	\$5,122,720
Administrative expenses	\$87,639	\$88,600
Total Debt Service	\$5,014,319	\$5,211,320
Base Year Assessed Value (December 31, 2002)	\$1,331,000	\$1,331,001
Phased-in Assessed Value	\$235,518,300	\$235,780,300
Increase in Assessed Value	\$234,187,300	\$234,449,299
County Tax Rate (mills)	\$4.73	\$4.73
County Tax Property Increment	\$814,164	\$803,835.82
Township Tax Rate (mills)	\$1.42	\$1.42
Township Tax Property Increment	\$244,421	\$247,559
School District Tax Rate (mills)	\$21.95	\$21.95
School District Tax Property Increment	\$4,030,633	\$4,035,315
Tax Increment Revenues	\$5,089,218	\$5,086,710
Less Annual Public Safety Fee	(\$652,387)	(\$671,958)
Net TIF Revenues Available for Debt Service ¹	\$4,436,831	\$4,414,752
Debt Service Coverage	88.48%	84.71%
Annual Installment	\$5,501,378	\$5,611,400
Annual Credit	(\$4,889,378)	(\$4,688,400)
Annual Payment Collected	\$612,000	\$923,000
Debt Service Coverage	12.21%	17.71%
<p>¹Amount represents the Authority share of TIF revenue per the Cooperation Agreement less funding for the annual public safety fee and any refunds due to assessment appeals. Note: Annual payments may only be collected to the extent necessary to pay debt service after taking into account tax increment revenues. Annual Payment for Tax year 2015 was collected in 2016.</p>		

L. PARCEL NUMBER AND LEGAL OWNER

Table VI-8 below shows the parcel number, legal owner, name of the retailer and the operating status of the retailer as of December 31, 2017.

**Table VI-8
Parcel Ownership**

Parcel Number	Owner	Name of Retailer	Status
839-S-4	Brinker Penn Trust	Chili's	Open
839-S-19	C S M C 2006 C 5 Retail 2015 LP	Great Clips	Open
840-N-10	FCPT Keystone Properties (Olive Garden)	Olive Garden	Open
840-N-15	FCPT PA Hospitality (Longhorn)	Longhorn Steakhouse	Open
839-S-10	First Commonwealth Bank	First Commonwealth Bank	Open
839-R-5	Frazer Mills Hospitality Associates LP	Springfield Suites (Marriott)	Open
728-D-75	Lowe's Home Centers, Inc.	Lowe's	Open
839-M-101	May Department Stores Company	Kaufmann's	Open
839-S-16	Pinpoint Frazer Associates I, LLC	Starbucks	Open
839-M-15	Pittsburgh Mills Auto Properties LLP	Vacant Land	Vacant land
839-M-30	Pittsburgh Mills Auto Properties LLP	Pad Site	Pad site
839-M-45	Pittsburgh Mills Auto Properties LLP	Pad Site	Pad site
839-R-1	Pittsburgh Mills Auto Properties LLP	Pad Site	Pad site
839-S-1	Pittsburgh Mills Auto Properties LLP	Pad Site	Pad site
728-H-100	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
729-B-7	Pittsburgh Mills LP	Vacant Land	Vacant land
839-L-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
839-L-75	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
839-R-25	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
840-F-100	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
840-F-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
840-K-100	Wells Fargo Bank, N.A., as Trustee ...	Mall	Open
840-K-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Vacant land
840-L-250	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Vacant land
840-L-275	Wells Fargo Bank, N.A., as Trustee ...	Pad Site	Pad site
840-P-10	Wells Fargo Bank, N.A., as Trustee ...	Sears Grand	Open
840-P-50	Wells Fargo Bank, N.A., as Trustee ...	Vacant Land	Pad site
839-S-7	PNC Bank National Association	PNC Bank	Open
840-N-5	Red Robin International, Inc.	Red Robin	Open
728-H-25	Sam's Real Estate Business Trust	Sam's Club	Open
840-N-1	Spirit Master Funding IV, LLC	Smokey Bones	Open
839-S-22	Steak N Shake Operations, Inc.	Steak n Shake	Open
728-D-10	VPM Associates LLC	Sonic	Open
728-D-60	VPM Associates LLC	Best Buy	Open
728-H-52	Walmart Real Estate Business Trust	Wal-Mart	Open
840-F-403	West Penn Power Co.	Utility	Open
839-S-13	High Eight Pittsburgh Mills, LLC.	EatnPark	Open

Wells Fargo Bank, N.A., as Trustee for Morgan Stanley Capital I Inc - 12 parcels

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the continuing disclosure agreement, Developer significant events include the following:

- (i) material damage to or destruction of any development or improvements within the District;
- (ii) material default by the Developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the Development or the Public Improvements;
- (iii) material default by the Developer or any affiliate thereof on any loan secured by property within the District owned by the Developer or any affiliate of the Developer;
- (iv) payment default by the Developer or any affiliate thereof on any loan to such party with respect to the construction or permanent financing of the Department (whether or not such loan is secured by the property within the district);
- (v) the filing by or against the Developer or any affiliate thereof, the sole member of the Developer or any owners of more than 25 percent interest in the Developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the Developer or owner of interest in the Developer or a subsidiary of the Developer or any affiliate thereof is unable to pay its debts as they become due;
- (vi) the filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer which may adversely affect the completion of the Development, the Public Improvements or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the Developer;
- (vii) the failure by the Developer or any affiliate thereof to pay any ad valorem taxes or Special Assessments with respect to property in the District owned by the Developer or any affiliate thereof;
- (viii) the filing by the Developer or any affiliate thereof of any appeal of assessed value determinations with respect to property in the District that is owned by the Developer or any affiliate thereof which appeal, if successful, would cause the tax liability owed on such property to decrease by more than five percent (5%); and
- (ix) the sale or other transfer of the Mall by the Developer or any affiliate thereof.

Other than the foreclosure sale material event notice filed with EMMA on December 21, 2016 administrator does not have knowledge of any other listed events as of the date of this report.

B. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

- (i) Delinquency in payment when due of any principal of or interest on the Bonds;
- (ii) Occurrence of any material default under the Indenture (other than described in clause (i) above);
- (iii) Draws on the Reserve Fund;

- (iv) Substitution of a credit provider, or any failure of a credit provider to perform;
- (v) Adverse tax opinions or events affecting the tax-status of intent on the Bonds;
- (vi) Amendment to the Indenture modifying the rights of the Bondholders;
- (vii) Giving of notice of optional or unscheduled redemption or mandatory tender of Bonds;
- (viii) Defeasance of bonds or any portion thereof;
- (ix) The release or substitution of property securing repayment of the Bonds;
- (x) Any change in the rating, if any, on the Bonds; and
- (xi) The continuing disclosure event notices provided to the Administrator by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

The administrator is not aware of the occurrence of any listed event as of the date of this report, February 13, 2018.