1. Agenda

    Documents: AGENDA 04.26.13.PDF

2. Packet

    Documents: DOWNTOWNPACKET042613.PDF

CITY OF PORTLAND, MAINE
Notice of Meeting and Agenda

Portland Development Corporation

DATE: 11/21/2013
TIME: 4:00 PM
LOCATION: Room 209, Second Floor
Portland City Hall

AGENDA

1. President's comments.
2. Review and accept Minutes of previous meeting held on October 21, 2013.
3. Business Assistance Grant for Job Creation application from TechPort, 594 Congress Street

   a) Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to review proprietary information.
4. Review of amended PEDPIP Grant Request from Creative Portland for creative space projects

   a) Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to review proprietary information.
5. Brownfields Loan Program – proposed new guidelines for review and recommendation to City Council
6. Communication on Backup Underwriter
7. Treasurer's Report – October 2013 – Jennifer Sporzynski

   a) Monthly Administrative Budget Report
   b) Loan Receivables Report
   c) Cash Management Report
   d) Delinquency Report (Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session discussion any of the loans listed on the delinquency report.)
8. Next Meeting Date: December 19, 2013.

Jack Lufkin
Board President

CITY OF PORTLAND NOTICE OF MEETING

PORTLAND DEVELOPMENT CORPORATION

DATE:	Friday, April 26, 2013
TIME:	3:00 to 4:30 p.m.
LOCATION:	Room 209, Second Floor Portland City Hall

A G E N D A

1. President's comments.
   a) Presentation to Donna Katsiaficas for her service on Board.

2. Review and accept Minutes of previous meeting held on March 28, 2013.

3. Review and recommendation regarding loan requests, subordination request, and update. **NOTE:** The Board will first hear opening comments in public session, after which the Board will go into Executive Session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to review and discuss proprietary information. After review and discussion, the Board will come out of executive session and vote on the loan request:

   a) Maine Bio-Fuel, Inc., d/b/a Maine Standard Biofuels at 51 Ingersoll Drive; and,
   b) Undefeated Enterprises, Inc., d/b/a Mittapheap Market, 61 Washington Avenue.

4. Treasurer's Report – March 2013 – Jennifer Sporzynski
   a) Monthly Administrative Budget Report
   b) Loan Receivables Report
   c) Delinquency Report (Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session discussion any of the loans listed on the delinquency report.)
   d) Cash Management Report

5. Lending Activity Update – Nelle Hanig

6. Next Meeting Date: May 16, 2013

Jack Lufkin
President/Downtown Portland Corporation

Minutes

Portland Development Corporation

March 28, 2013

A meeting of the Board of Directors of the Portland Development Corporation was held Thursday, March 28, 2013, at 11:30 a.m. in Room 209 on the second floor of Portland City Hall. Present from the Board were its President Jack Lufkin and Directors Mayor Michael Brennan (arriving just after the Board started with Item #3 on the Agenda), Jess Knox, Dennis Martin, Mark Rees, Barry Sheff, Jennifer Sporzynski, and Drew Swenson. Board Directors Jill Hunter, Neil Kiely, and Jere Shaw could not be present. Present from the City staff were Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, Senior Executive Assistant Lori Paulette, and Associate Corporation Counsel Lawrence Walden. Also present was Loan Underwriting Consultant Vin DiCara.

Item #1: President's Comments

President Lufkin thanked the Board members for their flexibility in attending this non-regularly scheduled Board meeting. Since he was absent from the last meeting, he welcomed Jess Knox and Dennis Martin to the Board.

Item #2: Review and accept Minutes of previous meeting held on February 21, 2013.

On motion made and seconded, the Board voted 5-0-2 (Lufkin, Sporzynski) to accept the Minutes as published.

Item #3: Review and recommendation regarding loan request. NOTE: The Board will first hear opening comments in public session, after which the Board will go into Executive Session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to review and discuss proprietary information. After review and discussion, the Board will come out of executive session and vote on the loan request:

A. <u>Portland Trading Co., 157 Middle Street</u>

Ms. Hanig introduced this item saying that Portland Trading Company (PTC) opened in May 2012 at 157 Middle Street, branding itself as a lifestyle store. PTC is requesting a $15,000 loan from the PDC, as well as a $15,000 loan from GPCOG, for inventory purchases. PTC has received a lot of media attention and markets itself through a variety of social media outlets to reach its target market of 24-45 year olds. She then introduced Kazeem Lawal, co-owner of PTC.

Mr. Lawal first thanked Ms. Hanig and Mr. DiCara for their assistance to get to this point, and then the Board for taking up this request. He is a co-owner, together with Jessica Kissell, who is more of a silent partner. Mr. Lawal say that he is the only employee – buying, selling, decorating – doing whatever is takes to run the business. He had one employee during the Summer last year and will most likely do that again this Summer.

Mr. Lawal said that PTC offers something special for everyone – clothing, accessories, and shoes, along with items that bring everything together such as home goods, food, antiques, and magazines. His products are mostly from the New England area, with a few from overseas. The cost of his merchandise is anywhere from $1.00 to $1,200 – again, something for everyone. His prices are reasonable and have to be to bring in returning customers and new ones.

Social media is a marketing strategy, and Mr. Lawal said that he is hearing good reports about the store from that media. PTC has over 600 followers on Facebook, and over 200 on instagram. He is planning to grow the social media marketing. The website is almost done; it is not done right now because of the transitioning of products. When completed, he will be able to move products faster.

Mr. Lawal said that he is also looking to create a private label for clothing, and now has a facility where he can have pants, jackets, and other clothing made; he will have a few name brands to bring people into the store, including Quoddy from Lewiston. He is looking to have what other stores don't. Originally, he did a lot of consignment but not as much now.

Mr. Lawal said that the store started with little funding and he is proud of what it has done but can accomplish more. His vendors are comfortable with current payment arrangements. Everything that is made from the store goes back into the store.

Ms. Sporzynski asked about the lease, and Mr. Lawal said that it is a seven-year term lease.

Mr. Rees asked about his position at Fairpoint, and Mr. Lawal said that he was a victim of its bankruptcy and ensuing layoffs, having never been laid off before. After the layoff, he volunteered at a retail store, and then worked at Portland Dry Goods. After six months working there, GQ Magazine named it one of their top retailers.

Mayor Brennan asked about the GPCOG loan and its timeliness. Mr. DiCara said that this should be decided on next week.

Ms. Sporzynski asked if he uses some of the same vendors from Portland Dry Goods, and Mr. Lawal said that he has a few from there, as well as having some exclusive brands at the store.

Mr. Martin asked what his biggest seller was, and Mr. Lawal said that that would be clothing and accessories which make up 70% of sales. He also noted that he is planning to have seasonal products for this Spring/Summer planting season.

Mr. Knox asked if he saw his store as something like The Liquor Store - J. Crew, and Mr. Lawal indicated that he did, with his store being like a classic New England general store – unique and different.

Mr. Sheff said that retail is challenging and margins are down. He asked about negotiating terms with his vendors.

Mr. Lawal said that with further years of experience to come, he will have more of an ability to negotiate terms with vendors and is a good position with his vendors now. He now needs to maintain good working relationships. Also, as stated before, he is looking to create a private clothing label, as well as to have exclusive shoes for his store made by Quoddy.

Ms. Sporzynski asked if $30,000 was enough, and Mr. Lawal said that originally he was looking for $50,000 but has since negotiated payment plans with his current vendors and was comfortable with $30,000 for new products and staples around the store, as well as events such as possibly having Quoddy come in for a shoe design demonstration.

President Lufkin asked if the $30,000 would be for the purchase of new inventory, and Mr. Lawal said that it would.

President Lufkin asked if there were further questions before going into executive session. There being none, he noted to Mr. Lawal that the Board would be going into executive session, and he could either wait in the hall and be called back in when the Board came out and voted on this, or Ms. Hanig could give him a call. Mr. Lawal said that he needed to be back at the store by 12:30 to open. He again thanked the Board and staff.

On motion made and seconded, the Board then voted to go into executive session at approximately 12:20 pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to review and discuss proprietary information of PTC. At approximately 12:45, the Board came out of executive session.

On motion then made and seconded, the Board voted 7-0-1 (Martin abstained) to approve the loan to PTC on the terms and conditions presented by the loan underwriter, with three additional conditions: (1) submittal of quarterly financial reports for the 1st year; (2) that there be an interest only period of three months before principal and interest monthly payments would begin; and, (3) additional information provided by Mr. Lawal regarding verification of his past tax issue being reduced to an agreement with the IRS and the Maine Revenue Service.

Item #4: Communication:

A. **Charge off history.**

NOTE: The Board will go into Executive Session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to discuss the following loans:

B. **Rising Tide Brewery; and,**

C. **Eco-Home Studio LLC.**

Regarding the charge off history, Ms. Paulette said that the report lists charge offs from inception to March 6, 2013. In summary, the total of all PDC loans is approximately $7.2 Million with $473,551 being charged off, or 6.57%. The total number of loans is 124, with 13 being charged off, or 10.48%.

Ms. Sporzynski asked if the amount charged off included recovery, and Ms. Paulette said that it did not, but the recovery aspect has been minimal.

President Lufkin thanked Ms. Paulette for the report.

On motion made and seconded, the Board then voted to go into executive session at approximately 12:55 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to discuss the loans to Rising Tide Brewery and Eco-Home Studio LLC, as well as, if needed, any of the loans listed in the delinquency report (Item #5(d) on the Agenda). At approximately 1:00 pm., the Board came out of executive session.

Item #5: Treasurer's Report – February 2013 – Jennifer Sporzynski

A. **Monthly Administrative Budget Report**

B. **Loan Receivables Report**

C. **Cash Management Report**

D. **Delinquency Report (Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to discuss any of the loans listed on the delinquency report.)**

Ms. Sporzynski said that the administrative budget is running below the norm as it has been doing. The loan underwriter consultant has not yet invoiced the PDC, but the line item for contractual services is anticipated to not run over budget when invoiced. Mr. Lufkin asked when the operating transfer to Finance would occur, and Ms. Paulette indicated that to be some time in May.

Ms. Sporzynski said that the Schedule of Loans Receivable shows a total amount of original loans lent at $1.2+ Million, with an outstanding principal balance due on that amount of $1.058 Million, with 21 loans listed.

Regarding the Delinquency Report, Ms. Sporzynski said that of the five listed, three have made at least one payment since this report was drafted on 3/15/13. Those three are: (1) Museum of African Culture made four payments, bringing this current to 3/1/13; (2) PBJ Empire made one payment; and, (3) Studio Management Corp. made one payment. Ms. Hanig is in touch with the two other loans listed and will keep the Board updated.

Regarding the Cash Management Report, Ms. Sporzynski noted that there is approximately $2 Million available to lend and grant, adding the staff will be providing an update on the Brownfields fund.

There being no questions/discussion, President Lufkin thanked Ms. Sporzynski for the report.

President Lufkin then noted that the next regularly scheduled meeting of the Board is Thursday, April 18 at 4:00.

There being no further business to come before the Board, the meeting was then adjourned at approximately 1:05 p.m.

Respectfully,

Lori Paulette

Portland Development Corporation
Operating Report FY13
For Month Ending
3/31/2013

Operating transfer from EDF **28,522**

Total Funds Available **28,522**

FY12 Expenditures	Budget	Current Month	Year to Date	Percent of Budget	Balance
Administrative Services	575	100	162	28.2%	413
Postage	300	0	84	28.0%	216
Travel, Training, Meetings	3,000	0	2,101	70.0%	899
Contractual services	11,400	5,833	5,833	51.2%	5,567
Operating Transfer to Fin.	9,647	0	0	0.0%	9,647
Advertising	2,200	1,099	1,314	59.7%	886
Auto Expense Reimb.	100	0	0	0.0%	100
Printing & Binding	650	0	593	91.2%	57
Office Supplies	650	0	505	77.7%	145
Total FY13 Expenditures	**28,522**	**7,032**	**10,592**	**37.1%**	**17,930**

March Expenditures:

Administrative Services	Annual Membership for CBC Innovis (Credit Rpts); and Credit Rpt.
Contractual Services	Payment to Loan Underwriter for services through 3/29/2013.
Advertising	Legal Ad in Press Herald; Ad in Annual CVB Guide

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending March 31, 2013

					----Committed/Disbursed Funds-----			
		Account No. & Name	Date of Loan	Maturity Date	Original Loan	Not Yet Disb.	Total Disb .	Outstanding Princ. Bal.
Cust #	Ln #	**Portland Business Fund 271 (UDAG):**						
5706	1319	Rising Tide Brewing Company	4/18/2012	4/1/2019	115,111	0	115,111	110,181
		Sub-Total PBF (UDAG)						**110,181**
		Portland Business Fund 272 (Restricted - CIP):						
3763	955	Eastman Industries	4/19/2012	4/6/2017	34,800	0	34,800	34,800
3826	1007	Kennebec St. Properties	04/25/06	9/1/2013	67,500	0	67,500	54,339
4151	1030	Property One, LLC	7/30/2007	3/1/2013	45,000	0	45,000	0
4349	1078	Mayflower Pottery	2/25/2008	7/1/2015	25,000	0	25,000	9,303
4500	1127	Tomaks, LLC	3/27/2008	3/1/2014	75,000	0	75,000	66,543
4698	1167	Bangkok Thai	11/13/2009	1/1/2014	35,000	0	35,000	7,430
5496	1288	Museum of African Culture	10/3/2011	10/1/2016	15,500	0	15,500	14,514
		Sub-Total PBF (Bonds)						**186,929**
		Portland Micro Capital Fund 271 (Unrestricted):						
3995	1000	Happy Tails, Inc.	11/1/2006	10/1/2013	25,000	0	25,000	5,728
4740	1180	PBJ Empire, LLC	2/24/2010	3/31/2015	7,500	0	7,500	4,100
4760	1185	DSM, LLC	4/7/2010	5/1/2013	18,500	0	18,500	8,432
5147	1244	Gorgeous Gelato LLC	11/19/2010	12/1/2014	25,000	0	25,000	11,853
5320	1263	Dobra Tea	4/8/2011	4/1/2016	15,000	0	15,000	9,474
5708	1320	Veranda Asian Market LLC	4/19/2012	4/1/2017	50,000	0	50,000	48,085
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	0	12,500	11,396
		Sub-Total Micro Capital Fund						**99,068**
		Creative Economy Fund 271 (Unrestricted):						
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	0	26,000	22,069
		Sub-Total Creative Economy Fund						**22,069**
		FAME Fund 277:						
3763	956	Eastman Industries	4/19/2012	4/6/2017	34,800	0	34,800	34,800
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	0	61,000	59,477
		Sub-Total FAME Fund						**94,277**
		FAME SSBCI 279:						
5939	1356	Apothecary By Design LLC	11/8/2012	11/1/2017	200,000	0	200,000	195,016
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	0	165,000	156,988
5836	1340	251 Woodford Street LLC	8/31/2012	9/1/2017	165,000	0	165,000	162,597
		Sub-Total FAME SSBCI						**514,601**
		Real Estate Investment Fund 271(Unrestricted):						
		Sub-Total RE Invest						**0**
		Grand Total Loans					**1,218,211**	**1,027,125**
		Allowance for uncollectable loans at 15%						154,069
		Total with Allowance for uncollectable loans:						873,056

CITY OF PORTLAND, MAINE
PORTLAND DEVELOPMENT CORPORATION
DELINQUENCY REPORT
MONTH ENDING MARCH 31, 2013

a/o 4/2/2013

Loan	Payment Past Due	# of Payments	# of Days Past Due*	Outstanding Principal Balance	# of Times Past Due In Last 12 Reports (excluding present mo.)
Apothecary By Design	$2,256	1	31	$195,016	0
Happy Tails, Inc.	$5,728	12	365	$5,728	12
Museum of African Culture	$109	1	31	$14,514	6
PBJ Empire LLC**	$734	5	151	$4,100	12
Studio Management Corp.	$987	2	59	$22,069	10
Veranda Asian Market	$3,980	4	121	$48,085	5
TOTALS:	**$13,794**			**$289,512**	

*Reflects number of days after 1st of month due date. Also, this report lists only loans that have not paid before the 15th of each month.

Portland Development Corporation
Cash Management Report
For Month Ending March 31, 2013

	CIP 272 (Restricted)	UDAG 271 (Unrestricted) Loans/PDAP	UDAG 271 (Unrestricted) PEDP Bal	FAME 277	FAME SSBCI 279	Brown-field 278 (PET)	TOTAL	Year-to-Date Principal/Interest Restricted	Year-to-Date Principal/Interest Unrestricted	Year-to-Date Principal/Interest FAME	Year-to-Date Principal/Interest SSBCI	Business Assistance Grant Prgrm for Job Creation
Beginning Cash Bal. March 1, 2013	**481,697**	**1,172,652**	**250,000**	**278,334**	**26,801**	**502,756**	**2,462,240**					100,000
Plus:												
Principal payments received	2,154	3,409		526	2,894			17,135	292,958	1,523	15,246	
Interest payments received	1,063	959		474	1,354			8,498	17,700	1,527	9,746	
Interest Income					8						66	
Orig Fee											3,650	
Total Cash Available	**484,913**	**1,177,020**		**279,334**	**31,057**	**502,756**	**2,475,080**	**25,632**	**310,658**	**3,050**	**28,708**	
Less:												
Year-End Adjustments												
Disbursements - Loans/PDAP Grants												
PEDPIP Grant Committed*			-157,585									
Total Cash Available 1/31/13:	**484,913**	**1,177,020**	**92,415**	**279,334**	**31,057**	**502,756**						
Less Reserves for:												
Beautification Program (EC0301)		(72,000)										
Ptld ED Plan Imple. Fund (EC1201)		(250,000)										
Portland Dev. Action Grant (EC0302)		(64,731)										
Transfers not yet recorded (UDAG Int)		(17,700)										
Grants/Loans Approved/Not Disb.**		(415,000)										-30,000
Annual Admin Payment to FAME												
Reserve for Administration												-14,375
Ending Loan/Grant Cash Bal. 2/28/13:	**484,913**	**357,589**		**279,334**	**31,057**	**502,756**	**1,655,649**					**55,625**

*Note: Of the 157,585 Committed, $62,915 has been paid to date.

**Note: $415,000 represents approved loans to Inn at Diamond Cove-$200,000; McCuda LLC-$200,000; and, EcoHome Studios LLC-$15,000; and, $30,000 for BAGPJC represents $10,000 each in grant funds to: Trims and Fade, Apothecary By Design, and Techport.

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

To: President Jack Lufkin and PDC Board Members
From: Nelle Hanig, Business Programs Manager
Cc: Greg Mitchell, Economic Development Director
Date: April 19, 2013
Re: **Communication: Increase in PDC Lending Activity in FY2013**

The Portland Development Corporation's lending activity has been stronger in FY 2013 than in the previous six years. Staff will report final tallies after the fiscal year ends on June 30th.

FY13: 6 loans closed totaling $653,500

2 loans pending closure at the end of April totaling $215,000

2 loan requests seeking approval at 4/26 PDC meeting totaling $50,000

1 loan request in the pipeline for $112,500

FY12: 6 loans closed totaling $454,944

FY11: 4 loans closed totaling $134,000 – Note: Loan guidelines under modification from 3/2011 to 10/2011

FY10: 7 loans closed totaling $310,000

FY09: 0 loans closed – Note: Contract with consulting underwriter signed 5/2009

FY08: 4 loans closed totaling $170,000 – Note: Full-time loan officer terminated 5/2008

FY07: 3 loans closed totaling $345,000