# PORTLAND DEVELOPMENT CORPORATION
## Board Meeting

**DATE:** Thursday, May 29, 2014
**TIME:** 4:00 p.m.
**LOCATION:** Room 209, Second Floor
Portland City Hall

## A G E N D A

1. President's comments.

2. Review and accept Minutes of previous meeting held on April 17, 2014.

3. Business Assistance Grant Program for Job Creation (BAP) Requests. 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 for each of the following loan/grant requests:
   a) Consideration of future BAP Grant Requests
   b) Request for BAP from Vincenza's Italian Bakery at 10 Exchange Street (tabled from previous meeting)
   c) Request for BAP from Hunt and Alpine Club, 75 Market Street

4. Review and vote on Brownfields Grant Requests from the City of Portland. Note: Pursuant to 1 M.R.S.A. 405(6)(C), the Board may go into executive session to discuss these properties where premature disclosure of information would prejudice the competitive or bargaining position of the City:
   a) Grant request for City property in Bayside
   b) Grant request for tax-acquired property on Cliff Island

5. Treasurer's Report – April 2014 – 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.)

6. Review and recommendation to City Council to increase amount of funding from SSBCI from $1 Million to $3.5 Million allowed by SSBCI

7. Next Meeting Date: June 19, 2014.

Jack Lufkin
President/Portland Development Corporation

**Minutes**

**Portland Development Corporation**

**April 17, 2014**

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, April 17, 2014, at 4:30 p.m. in the City Council Chamber on the second floor of Portland City Hall. Present from the Board was President Jack Lufkin, and Directors Mayor Michael Brennan, Jill Hunter, Neil Kiely, Dennis Martin, and Mark Rees. Board Directors Jess Knox, Jere Shaw, Barry Sheff, Jennifer Sporzynski, and Drew Swenson 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 were PDC loan underwriting consultants William Armitage and Vin DiCara.

**Item #1: President's Comments**

Due the lengthy agenda and the Board losing its quorum at 5:45, President Lufkin said that the Board would first take up Item #4(b) as Jess Knox of StartUp Portland would be conferenced in via speaker phone. He also noted that the Board would hear from loan and grant representatives in public session first, and then go into executive session to discuss those item listed as Item #3(a) through (d) on the Agenda, and then come out and vote on all the loan and grant requests, including Item #4(a) and (b).

**Item #4(b): Request from Portland Economic Development Plan Implementation grant fund from StartUp Portland.**

Mr. Knox thanked the Board for taking this up out of order due to his 5:00 commitment. He then described the event noting that it was an 8-day event with a large collection of talent – start-up businesses, entrepreneurs, ideas, technology - over one period of time in Portland, with one-third of the participants not from Maine. This event is a result of a coalition of StartUp Portland, Creative Portland, and the Chamber and will be an opportunity to showcase Portland.

President Lufkin asked about fund-raising to date, and Mr. Knox indicated that he has secured $70,000 in commitments over the past five weeks. Partners will raise additional funds.

Mr. Rees said that with this budget at $150,000 for the weeklong event, he would request a demonstration that those funds have been raised to undertake the project prior to any PEDPIP funds being disbursed.

President Lufkin, noting no further comments/questions for Mr. Knox, said that the Board would next take up Item #3(a).

**Item #3: Loan Applications, Business Assistance Grant Program for Job Creation (BAP) Request, and Request for Amendment to Loan Terms. 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 for each of the following loan/grant requests:**

a. **Request for Loan from North Atlantic, Inc. at 12A Portland Fish Pier**
b. **Request for Loan from Portland Food Co-op at 290 Congress Street**
c. **Request for BAP from Vincenza's Italian Bakery at 10 Exchange Street**
d. **Request for Amendment to Loan Terms from TOMAKS, LLC, 140 Marginal Way**

**North Atlantic, Inc. (NAI) request:** President Lufkin said that he would not be participating in the discussion/vote on this item as his employer, Gorham Savings Bank, is the lead lender. Mayor Brennan would be interim Chair for this item.

Terry Harriman, CEO for North Atlantic, said that he is here today for NAI's owner Gerald Knecht who could not be present. NAI has been in operation for 30 years starting with fishing boats and processing. It is now mostly a wholesale importer and distributor of fresh and frozen seafood, with a majority of its business being the sale of frozen seafood in the country and world-wide. He noted various grocery chains where their product is sold, while it also imports from Iceland and Norway, using Eimskip at the International Marine Terminal. He indicated that NAI's niche is to be a leader in the global sustainable fishing industry, noting that this a high priority for larger supermarket chain customers.

Mr. Kiely asked about the sustainability component, any competitive advantages, and does it add cost of the product. Mr. Harriman described development of a fish processing plant in Bali, Indonesia via a joint venture – where the owner currently lives, as well as developing a sustainable fishing program in Asia. NAI's customers look for suppliers to be part of a sustainable fisheries program. This is NAI's competitive edge, but it does not pass on additional costs because of this.

Mr. Rees asked if NAI would be moving, and Mr. Harriman said that they are staying at their current location.

Mr. Martin asked about employment levels, and Mr. Harriman said that they are now at 8 employees - all busy and could use another 4-5 but need support. He estimated that they would grow from 8 to 14 in a year's time.

Mayor Brennan asked if there were further questions/comments, and there were none.

**Portland Food Co-op**

(President Lufkin resumed chairing the meeting.)

Mayor Brennan and Ms. Hunter noted that they were members of the Co-op. Mr. Walden said that as members, they need to excuse themselves from participation and vote on the item.

Ms. Hanig said the Portland Food Co-op is preparing to open a retail grocery store at 290 Congress Street. It is seeking a loan for leasehold improvements, inventory, machinery and equipment, and working capital. It anticipates the creation of 20 jobs. She then introduced Rachel Curran, Board member of the Food Co-op.

Ms. Curran thanked the Board for their time. There are 300 successful food co-ops around the country. Portland's model is based on best model practices. The Co-op would be a center of the community and would hire new Americans, as well as Portland residents. There is a lot of potential at the 290 Congress Street location. The Co-op will be renovating its half, while the landlord will be renovating the parking lot and façade this Summer.

Mr. Kiely asked about the change from the current co-op to retail, and Ms. Curran said that there is a lot of motivation for local food, and to have that local food available every day of the week. The new General Manager that will be coming in has 300 direct relationships with farmers and producers.

President Lufkin asked about the effect on the Portland landscape, particularly with the current Farmer's Market and Rosemont Market. Ms. Curran said the Farmers' Market farmers are knocking at her door to have their product available every day for sale. She has also talked with Rosemont about how to work together for local food. They agreed that they have different niches and will work together.

Mr. Lufkin asked about co-ops being funded by public funds. Ms. Curran said that they are funded by a variety of sources – including Federal, State, Municipal – due to it being a community project.

Mr. Martin asked about the $100 buy in and then sharing of profits with members, particularly would that be a cash sharing. Ms. Curran said that to be an owner member, you purchase a one-time share $100. When there is a profit, she described how it goes to the business, education, and members.

**<u>Request for BAP from Vincenza's Italian Bakery at 10 Exchange Street</u>**

Ms. Hanig said that Vincenza's has been open in Saco for a year, selling homemade Italian pastries and sandwiches. They are now expanding to 10 Exchange

Street and are seeking a grant through the BAP program for job creation. They expect two full time jobs and one part-time job to be created in the new bakery. She then introduced Tina Giarratano, owner, and Ry Russell, co-owner.

Mr. Russell said that he met Ms. Giarratano after nine months in operation, talking about a Portland location, ultimately choosing 10 Exchange Street. He then described his background, including currently as the General Manager of the Saco Drive-in, and that he will be investing in the new location for the bakery.

Mr. Kiely asked if the Saco Drive-In would stay in operation and if there will be baking in both locations, and Mr. Russell answered in the affirmative to both. He said he would continue to manage the Drive-In, and both he and Ms. Giarratano will supervise the Portland location and her Mom and Dad would be supervising the Saco store.

President Lufkin asked about jobs created, and Mr. Russell said that they expect 2 full-time jobs and one part-time job to be created. He also noted that they bring in culinary students at the Saco location.

Mr. Martin asked about the wages and any anticipated wage growth. Mr. Russell said that they will pay above minimum wage, with bonus and incentive programs. Compensation would grow as well.

President Lufkin, noting no further questions/comments, thanked Vincenza's.

**Item #4(a): Request from Portland Economic Development Plan Implementation grant fund from World Affairs Council (WAC).**

Mr. Mitchell said that the grant request from WAC is to assist with funding its initiative "Celebrating Immigration – A community Dialogue on Economic Opportunity". The grant request is for $15,000, with an overall budget of $50,000. This initiative is consistent with the Portland Economic Development Plan.

Amy Holland, Executive Director of WAC, said that this is anticipated to be a year-long program with a focus on economic development. She then described the various components of the program and partnership with CEI and Creative Portland. The end product will be "Immigration Economic Opportunity Agenda for Greater Portland".

Mayor Brennan asked if immigrants included refugees, and Ms. Holland indicated that it did, with "immigrant" having a broad definition.

Mr. Kiely said that leveraging human capital is a good idea. He asked about the end results of the initiative.

Ms. Holland said that with the six series of events culminating with the "Immigration Economic Opportunity Agenda for Greater Portland", it would be an educational program for welcoming immigrants and opportunities available for them and for Portland. The Agenda would then have a second phase of implementation.

President Lufkin, noting no further questions/comments, indicated that the Board would now go into executive session to discuss Items #3(a) through (d).

On motion made and seconded, the Board then voted unanimously at approximately 5:25 to 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 for the loan/grant requests as itemized previously for Item #3(a) through (d) on the Agenda. At approximately 6:00 p.m., the Board came out of executive session.

**North Atlantic, Inc.:** On motion made and seconded, the Board voted 5-0-1 (Lufkin abstained) to extend the loan to North Atlantic Inc. on the terms and conditions as recommended by staff and loan underwriter.

**Portland Food Co-Op:** On motion made and seconded, the Board voted 4-0-2 (Brennan and Hunter abstained) to extend a loan to Portland Food Co-Op on the terms and conditions as recommended by staff and loan underwriter, with an additional condition as follows: that the Portland Food Co-Op not make any distributions to its members until it has created a segregated debt payment reserve account, and funded that account with the amount of funds needed to fully pay all of its loan obligations (that is, not just its PDC loan obligations) for a period of six (6) months; and the borrower must report to the PDC annually on financials, including the status of this account, its various loan obligations, and its distributions to members.

**Vincenza's:** On motion made and seconded, the Board voted unanimously to table this item.

**TOMAKS, LLC:** On motion made and seconded, the Board voted unanimously to amend the loan terms for the loan to TOMAKS LLC on the terms and conditions as recommended by staff and loan underwriter.

**World Affairs Council:** On motion made and seconded, the Board voted 5-1 (Martin) to approve the PEDPIP Grant in the amount of $15,000. Mr. Kiely encouraged WAC to work with City staff to move this initiative forward.

**Start-Up Portland:** On motion made and seconded, the Board voted unanimously to approve the PEDPIP Grant in the amount of $25,000, noting that the PEDPIP Grant would not be used for events, entertainment, and swag, and for Start-Up Portland to demonstrate funds have been raised for the entire budget prior to distribution of PEDPIP Grant funds.

Board consensus was to table the remaining items, and the meeting was then adjourned at approximately 6:05 p.m.

Respectfully,

Lori Paulette

Economic Development Department
Gregory A. Mitchell, Director

To: President Jack Lufkin and PDC Board Members

From: Nelle Hanig, Business Programs Manager
Greg Mitchell, Economic Development Director

Date: May 27, 2014

Re: **Business Assistance Program (BAP) Grants**

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The purpose of this memo, with attachments, is to provide the PDC with a listing of BAP grant requests approved to date. Please find attached a matrix of these projects, noting characteristics of each, as well as the funds remaining for future grants. The program guidelines are also attached.

Should the Board wish to discuss future policy direction with respect to the BAP, it is suggested that a committee be formed to make recommendations to the full Board.

Attachments

- Project Approval Matrix
- Program Guidelines

## BAP Projects - Information Provided at Application Stage

**ao 5/27/2014**

**Approved Grants**

| Business Name | Type | Status at Application | Grant Amount Approved | Equity Match | # F-T Jobs Created | Hourly Rate for F-T Jobs | On-the-job Training |
|---|---|---|---|---|---|---|---|
| Trims & Fade | Hair Salon | Start-up | $10,000 | $25,000 | 4 | $11.50 | No |
| Apothecary By Design | Pharmacy | Expansion | $10,000 | $100,000 | 2 to 4 | $20 - $50 | yes - pharmacy technician |
| TechPort | Apple Products Repair | Expansion | $20,000 | $10,000 | 2 | $12 | yes - Apple Cert. technician |
| Old Port Wool & Textile Co. | Wool Products Manufacture & Sales | Start-up | $20,000 | $10,000 | 2 | $12.50 | Yes - manufacturing & retail |
| Sur Lie | Wine Bar/Restaurant | Start-up | $20,000 | $70,000 | 12 | $10 -$21 | No |
| **Total Granted** | | | **$80,000** | | | | |

| | |
|---|---|
| **Budget Round 1** | **$99,375** |
| **Budget Round 2** | **$100,000** |
| | |
| **Remaining Funds for New Projects** | **$119,375** |

# Business Assistance Program for Job Creation

**Description**
The City of Portland's new Business Assistance Program for Job Creation offers grants to new and expanding Portland businesses for projects that result in the creation of permanent net new jobs. A private match is required in an amount that is at least equal to the grant requested.

**Objectives**
- At least 51% of jobs created go to low/moderate income (LMI) Portland residents;
- New business formation and existing business expansion;
- Leverage private investment to support business growth;
- Help new and existing small businesses establish credit.
- Enhance the health and vitality of Portland's economy.

**Financial Terms**
- Maximum Grant: $20,000
- Amount of Match: Equal to or greater than grant amount
- Match Sources: At least 50% applicant cash equity; the remainder may include a bank or credit union loan or, if not accessible, a loan from the City of Portland's Revolving Loan Program.

**Program Requirements**
- Create one (1) full-time job (33+ hours/week) for every $10,000 of grant funding;
- All new jobs must be marketed/made available to LMI Portland residents, resulting in at least 51% of the jobs going to LMI Portlanders. Low/moderate income is defined as 80% of the median household income (see attached guide);
- Job creation should occur within one (1) year of the grant award. Each grant recipient will be required to provide a payroll register at time of grant award. Job reporting will then be required at 4-month intervals until the required number of jobs is created. Afterwards, reporting is on a quarterly basis for the first year and then annually for a period of five (5) years past the grant award.
- All construction projects over $2,000 will be required to provide a defined scope of work and comply with Davis Bacon federal labor standards, environmental laws (and undergo an environmental review with historic preservation), lead based paint regulations, equal opportunity laws and other applicable federal requirements.
- Projects greater than $25,000 must be formally bid and publicly advertised. Projects less than $25,000 must receive three viable quotes. Selection must be to the lowest viable bidder.

**Eligible Funding Activities**

- Renovation, improvement, reconstruction or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons;
- Purchase of equipment and machinery;
- Leasehold improvements;
- Permanent working capital;
- Up to $1,000 of project funds may be used for business consulting services (e.g., accounting, marketing, software training, legal assistance).

**Ineligible Activities**

- Refinance existing debt;
- Down payment for other financing;
- Activities commenced or completed prior to program funding approval.

**Grant Award Priorities**

Applications that include one or more of the following will receive higher priority for funding:

- Job training - teaching a new skill(s) as initial component of job creation;
- Business location - Located in, within walking distance of, or accessible by public transportation to an HCD eligible area. (HCD eligible areas in Portland can be found at the following link: http://www.portlandmaine.gov/planning/eligiblehcdareas.pdf
- Match exceeds the grant amount requested;
- Number of jobs created will exceed 1 per $10,000 of grant funding;
- Financial stability of applicant (based on financial statements, tax returns, credit report, etc.);
- Quality of jobs created (for example, salary/hourly rate exceeds minimum wage);
- Likelihood that all jobs will be filled by LMI residents of Portland.

**Basic Program Qualifications**

- Business must be located within the City of Portland;
- Applicant cannot owe outstanding property taxes, fees or judgments to the City of Portland and property must be free of all City liens and encumbrances.

**Reporting and Tracking**

- Jobs: Jobs must be created within one year and maintained for five years. Grant recipients will be required to provide quarterly reports until all hires proposed in the grant application are made, then report annually on these jobs for 5 years. If the jobs are not maintained for that period of time the grant recipient may be required to repay the City a portion of the grant amount.

- Property: The City will retain an interest in property improved or equipment purchased with the grant funds for up to five (5) years. If such property improvements or equipment are transferred, or otherwise disposed of within the five (5) year period from the date the improvements are completed or equipment is purchased, respectively, the City may require partial repayment (on a pro rate basis) of the grant funds.

**Application and Approval Process**
Applications are being accepted as of May 22, 2012.

Submit applications with requested attachments to the **Economic Development Division, City of Portland, 389 Congress St., Portland, ME 04101.** The Portland Development Corporation has final decision-making authority for approving grant awards.

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

**MEMORANDUM**

**DATE**: May 23, 2014

**TO**: President and Members of the Portland Development Corporation

**FROM**: Greg Mitchell, Economic Development Director
Nelle Hanig, Business Programs Manager

**RE**: **City of Portland Application for a Brownfields Grant for Phase I Environmental Site Assessment on City-Owned Property at 65 Hanover, 52 Alder and 72 Hanover Streets**

## I. SUMMARY OF ISSUE

The City would like to have a Phase I Environmental Site Assessment conducted on properties it owns at 65 Hanover, 52 Alder and 71 Hanover Streets. Currently they are occupied by the City's Department of Public Services (DPS) and have been used by DPS for various industrial purposes for approximately 75 years. The City is planning to relocate DPS operations from 65 Hanover and 52 Alder later this year in preparation for property disposition. The property at 71 Street is under consideration for potential disposition.

## II. INTENDED RESULT

Obtaining a Phase I Environmental Site Assessment on these properties will result in a number of benefits. It will document potential liability for the City prior to sale, be helpful in marketing the property, and provide reliance to the buyer. That latter indicates that the buyer can be given permission to rely on the findings of this Phase I Assessment which would be acceptable to a bank for financing.

## III. STAFF ANALYSIS AND RECOMMENDATION

Economic Development Department staff recommends that the PDC approve a $5,000 grant for a Phase I Environmental Site Assessment on 65 Hanover, 52 Alder and on 71 Hanover Streets.

Note: A Phase I and Phase II had been conducted on these properties in 2003. However, those assessments are too old to rely on for a current sale as there may have been further contamination from 2003 to the present. Per the City's environmental consultant, Credere Associates, the City is eligible to use its Brownfields Funds for a Phase I Assessment on these City-owned properties. The City needs to show its due diligence and establish whether further contamination occurred since 2003.

Attachments: City of Portland Brownfield Grant Application
City Assessor Information for Subject Property

# CITY OF PORTLAND – BROWNFIELDS LOAN APPLICATION
**Submitted to Portland Development Corporation, c/o Economic Development Dept.**
**City of Portland, 389 Congress Street, Portland, ME 04101 – (207) 874-8683**

Date of Application: 5/23/2014

1. **Site Information:**

Site Name: Portion of City Public Services Department in Bayside    Site Size (acres) 1.03

Site Location: 65 Hanover St./52 Alder Street; 71 Hanover Street    33-C-3, 33-C-15, 34-H-4-5
Street Address    Chart, Block and Lot
City: Portland    State: ME    Zip Code: 04101

Site Owner: City of Portland    ______
First Name    Last Name
Business Phone: 207-874-8683    Cell Phone: ______

Email: gmitchell@portlandmaine.gov    Fax: 207-756-8217

Type of Contamination (actual or suspected):
___ Petroleum    X Hazardous Waste    ___ Both

Current Uses on Site: 65 Hanover/52 Alder = Traffic Operations/Trades; 71 Hanover St.=Traffic Ops/Sand & Salt

Site Used Formerly As: For 75 years the properties have been used for industrial-type operations by the City of Portland's Dep't. of Public Services

2. **Funding Request:**

Amount of Grant Requested: $5,000/Phase I Assessment

Purpose: ___ Phase II Environmental Site Assessment    ___ Remediation/Cleanup

| Sources of Funds | Estimated Assessment/Clean Up Costs |
|---|---|
| City of Portland/PDC: $5,000<br>Bank: ______<br>Applicant: ______<br>Other: ______<br>**TOTAL:** $5,000 | **TOTAL:** ______ |

3. **Description of Planned Uses/Development on Site:**

65 Hanover St/52 Alder St site is planned for City disposition after the current uses are relocated later this year. 71 Hanover Street property is also under consideration for potential disposition; timing, however, at this time is unclear.

4. **Site Conditions**: (any additional information not provided in Site Information section)

(a) Environmental Assessments Completed (in accordance with the American Society for Testing and Materials Standards [ASTM])

A Phase I and Phase II Site Assessments were conducted in 2003. Prior to property disposition, a more current Phase I Assessment is needed for several reasons, including current documentation of the City's potential liability prior to the sale, as a useful marketing tool and for reliance to the purchaser

(b) Remediation Plan (brief summary and costs estimates) Tewhey Associates that conducted the 2003 site assessments suggested that a remediation plan will need to be developed through the Voluntary Remedial Action Plan (VRAP) with MDEP.

(c) Redevelopment Plan (brief description, reuse plan, and financial estimates)

See 3 above.

(d) Community Benefits (brief description of health risks eliminated, economic revitalization, etc.)

Have these properties disposed of for commercial purposes and realizing new tax revenue.

5. **Applicant Information Relative to Site**

(a). Status of Applicant as a Potentially Responsible Party at the Site

City of Portland would be viewed as a potentially responsible party because of its lengthy ownership of the properties and its industrial uses on them.

(b) Environmental Compliance History

(c) Has applicant currently, or ever been subject to, any penalties resulting from environmental non-compliance at the site? X /No ____ /Yes

If yes, please explain:

(d) Is applicant a generator or transporter of contamination to the site? ? ____ /No X /Yes

If yes, please explain: Potentially a generator given the City's uses on the site

(e) Does applicant fall under statutory exemption from liability? ? X /No ____ /Yes

If yes, please explain:

## 6. Applicant Financial Information

(a) Does Applicant owe any outstanding property taxes, fees, or liens to the City of Portland? No
If yes, please explain:

(b) Is Applicant involved in any pending lawsuits? Yes If yes, please explain:
City involved in various lawsuits, but not involving the subject property.

(c) Has Applicant ever been involved in bankruptcy or insolvency proceedings? Yes If yes, please explain: Yes, but not as bankrupt or insolvent; it has been party in such proceedings to collect monies owed.

(d) Please state reason(s) why this project is not feasible without City of Portland/PDC loan participation:
The City does not have a budget for this item.

## 7. Schedule of Collateral

| | Land and Bldg. | Mach. & Equip. | Furniture & Fixtures | Accounts Receivable | Inventory | Personal Residence | Other |
|---|---|---|---|---|---|---|---|
| Purchase Price | | | | | | | |
| Date Purchased | | | | | | | |
| Present Market Value | | | | | | | |
| Present Loan Balance | | | | | | | |

## 8. Employment on Site

| | | |
|---|---|---|
| **Currently** | Number of Full-time Employees: unknown at this | Number of Part-time Employees: |
| **After City of Portland/PDC Funding:** | Number of Full-time Employees: unknown at this time | Number of Part-time Employees: |

## 9. Applicant References

| Name | Address | Telephone | Credit Extended ($) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

### 10. Supporting Documentation Checklist

The following items should accompany the completed application, unless otherwise noted:

1. Brief history of property owners/managers (resumes, if available).
2. Letter(s) of commitment for bank/private financing with terms and conditions.
3. Copy of lease (building/property owners include copies of all tenant leases).
4. Existing debt schedule (include creditor names, amount, terms)
5. Personal financial statement(s) (owners/guarantors).
6. Environmental questionnaire (property owners only).

### 11. Certification, Credit Authorization, and Confidentiality of Records

To the best of my knowledge, the above information is accurate, and I (we) understand that any false or misleading information I (we) provide may lead to my (our) disqualification form this program. I (we) authorize the City of Portland and/or Portland Development Corporation to make whatever credit inquiries it deems necessary to verify the accuracy of the information provided in connection with the review of this credit application.

I (we) hereby request that information provided by me (us) and developed by the City of Portland and/or the Portland Development Corporation, or its staff or agents, with respect to this application for financial assistance be designated confidential and not open for public inspection, pursuant to 5 M.R.S.A. Section 13119 et sq.

Certain records of the City of Portland and/or the Portland Development Corporation are designated CONFIDENTIAL AND WILL NOT BE MADE AVAILABLE FOR PUBLIC INSPECTION. This includes the disclosure of tax or financial information; our assessment of creditworthiness or financial condition; records obtained by the City of Portland and/or the Portland Development Corporation in connection with the monitoring or servicing of an existing project; proprietary information; and, information regarding the financial status of the application.

Dated: 5/23/14 Signature of Applicant: Gregory A. Mitchell

Title, Company Name (if appropriate) Greg Mitchell, Economic Development Director/City of Portland

Dated:__________ Signature of Co-Applicant:__________

Title, Company Name (if appropriate)__________

This page contains a detailed description of the Parcel ID you selected. Press the **New Search** button at the bottom of the screen to submit a new query.

## Current Owner Information:

| | |
|---|---|
| **CBL** | 033 C015001 |
| **Land Use Type**<br>Verify legal use with Inspections Division | GOVERNMENTAL |
| **Property Location** | 52 ALDER ST |
| **Owner Information** | CITY OF PORTLAND<br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **Book and Page** | |
| **Legal Description** | 33-C-15 ALDER ST 52-58<br>& LANCASTER ST EAST<br>224-230 9500 SF |
| **Acres** | 0.2181 |

## Current Assessed Valuation:

| | | |
|---|---|---|
| **TAX ACCT NO.** | 4926 | **OWNER OF RECORD AS OF APRIL 2013**<br>CITY OF PORTLAND<br><br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **LAND VALUE** | $277,500.00 | |
| **BUILDING VALUE** | $116,400.00 | |
| **PORTLAND, CITY OF** | ($393,900.00) | |
| **NET TAXABLE - REAL ESTATE** | $0.00 | |
| **TAX AMOUNT** | $0.00 | |

Any information concerning tax payments should be directed to the Treasury office at 874-8490 or e-mailed.

## Building Information:

| | **Building 1** |
|---|---|
| **Year Built** | 1945 |
| **Style/Structure Type** | AUTO SERVICE |
| **# Units** | 1 |
| **Building Num/Name** | 1 - GARAGE |
| **Square Feet** | 5792 |

View Sketch    View Map    View Picture

## Exterior/Interior Information:

| | **Building 1** |
|---|---|
| **Levels** | 01/01 |
| **Size** | 5792 |
| **Use** | AUTO PARTS/SERVICE |
| **Height** | 20 |
| **Walls** | BRK/CONC BLK |
| **Heating** | HW/STEAM |

| | |
|---|---|
| **A/C** | NONE |

New Search!

This page contains a detailed description of the Parcel ID you selected. Press the **New Search** button at the bottom of the screen to submit a new query.

## Current Owner Information:

| | |
|---|---|
| **CBL** | 033 C003001 |
| **Land Use Type** | GOVERNMENTAL |
| Verify legal use with Inspections Division | |
| **Property Location** | 65 HANOVER ST |
| **Owner Information** | CITY OF PORTLAND<br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **Book and Page** | |
| **Legal Description** | 33-C-3<br>HANOVER ST 51-67<br>LANCASTER ST EAST 232-240<br>20273 SF |
| **Acres** | 0.4654 |

## Current Assessed Valuation:

| | | |
|---|---|---|
| **TAX ACCT NO.** | 4914 | **OWNER OF RECORD AS OF APRIL 2013**<br>CITY OF PORTLAND<br><br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **LAND VALUE** | $134,000.00 | |
| **BUILDING VALUE** | $269,030.00 | |
| **PORTLAND, CITY OF** | ($403,030.00) | |
| **NET TAXABLE - REAL ESTATE** | $0.00 | |
| **TAX AMOUNT** | $0.00 | |

Any information concerning tax payments should be directed to the Treasury office at 874-8490 or e-mailed.

## Building Information:

| | **Building 1** |
|---|---|
| **Year Built** | 1951 |
| **Style/Structure Type** | AUTO DEALER |
| **# Units** | 1 |
| **Square Feet** | 7217 |

View Sketch View Map View Picture

## Exterior/Interior Information:

| | **Building 1** |
|---|---|
| **Levels** | 01/01 |
| **Size** | 6616 |
| **Use** | AUTO PARTS/SERVICE |
| **Height** | 20 |
| **Walls** | BRICK/STONE |
| **Heating** | HW/STEAM |

| | |
|---|---|
| **A/C** | NONE |

| | **Building 1** |
|---|---|
| **Levels** | M1/M1 |
| **Size** | 601 |
| **Use** | MULTI-USE STORAGE |
| **Height** | 10 |
| **Heating** | NONE |
| **A/C** | NONE |

## Outbuildings/Yard Improvements:

| | **Building 1** |
|---|---|
| **Year Built** | 1900 |
| **Structure** | ASPHALT PARKING |
| **Size** | 13600 |
| **Units** | 1 |
| **Grade** | C |
| **Condition** | 3 |

| | **Building 1** |
|---|---|
| **Year Built** | 1900 |
| **Structure** | FENCE CHAIN |
| **Size** | 1X240 |
| **Units** | 1 |
| **Grade** | C |
| **Condition** | 3 |

New Search!

This page contains a detailed description of the Parcel ID you selected. Press the **New Search** button at the bottom of the screen to submit a new query.

## Current Owner Information:

| | |
|---|---|
| **CBL** | 034 H004001 |
| **Land Use Type**<br>Verify legal use with Inspections Division | GOVERNMENTAL |
| **Property Location** | 71 HANOVER ST |
| **Owner Information** | CITY OF PORTLAND<br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **Book and Page** | |
| **Legal Description** | 34-H-4-5<br>HANOVER ST 71-77<br>15102SF |
| **Acres** | 0.3467 |

## Current Assessed Valuation:

| | | |
|---|---|---|
| **TAX ACCT NO.** | 5204 | **OWNER OF RECORD AS OF APRIL 2013**<br>CITY OF PORTLAND<br><br>389 CONGRESS ST<br>PORTLAND ME 04101 |
| **LAND VALUE** | $111,900.00 | |
| **BUILDING VALUE** | $23,600.00 | |
| **PORTLAND, CITY OF** | ($135,500.00) | |
| **NET TAXABLE - REAL ESTATE** | $0.00 | |
| **TAX AMOUNT** | $0.00 | |

Any information concerning tax payments should be directed to the Treasury office at 874-8490 or e-mailed.

View Map

## Outbuildings/Yard Improvements:

| | **Building 1** |
|---|---|
| **Year Built** | 1900 |
| **Structure** | ASPHALT PARKING |
| **Size** | 15102 |

| | |
|---|---|
| **Units** | 1 |
| **Grade** | C |
| **Condition** | 3 |

New Search!

Economic Development Department
Gregory A. Mitchell, Director

# MEMORANDUM

**DATE**: May 23, 2014

**TO**: President and Members of the Portland Development Corporation

**FROM**: Greg Mitchell, Economic Development Director

**RE**: City of Portland Application for a Brownfield Grant for a
Phase I Environmental Site Assessment on
Tax-Acquired Property on Cliff Island – 16 Fisherman's Cove

## I. SUMMARY OF ISSUE

The Tax-Acquired Property Committee (TAPC), a City staff committee, has been conducting due diligence regarding the above property for its possible disposition. This property has a residential structure, fuel station, and ancillary structure assessed as one property by the City Assessor.

Because of the fuel station portion of the property, as part of TAPC's due diligence, it would like to have a Phase I Environmental Site Assessment conducted. This would provide relevant information for a prospective purchaser, as well as for the City, as it moves forward.

## II. INTENDED RESULT

The intended result is to obtain the Phase I Environmental Site Assessment and to have that information available to the City, as well as for a prospective purchaser if, or when, this property would be offered for sale.

## III. STAFF ANALYSIS AND RECOMMENDATION

TAPC's recommendation is for the City to apply for and accept a Brownfield Grant from the PDC in the amount of $2,500 for the Phase I Environmental Site Assessment. Based on USEPA guidelines, the City is eligible for a grant from its Brownfields Fund for a Phase I Assessment because it acquired the property through foreclosure, making the City an innocent purchaser.

Attachments: City of Portland Brownfield Grant Application
City Assessor Information for Subject Property

**CITY OF PORTLAND – BROWNFIELDS LOAN APPLICATION**
**Submitted to Portland Development Corporation, c/o Economic Development Dept.**
**City of Portland, 389 Congress Street, Portland, ME 04101 – (207) 874-8683**

Date of Application: 4/2/2014

1. **Site Information:**

Site Name: Tax-Acquired Property on Cliff Island    Site Size (acres) .45

Site Location: 16 Fisherman's Cove    109B-F-39
Street Address    Chart, Block and Lot
City: Portland/Cliff Island    State: ME    Zip Code: ______

Site Owner: City of Portland    ______
First Name    Last Name
Business Phone: 207-874-8683    Cell Phone: ______

Email: ______    Fax: ______

Type of Contamination (actual or suspected):
X Petroleum    ___ Hazardous Waste    ___ Both

Current Uses on Site: Fuel Station

Site Used Formerly As: Fuel Station/Residence

2. **Funding Request:**

Amount of Grant Requested: $ 2,500/Phase I Assessment

Purpose: ___ Phase II Environmental Site Assessment    ___ Remediation/Cleanup

| Sources of Funds | | Estimated Assessment/Clean Up Costs |
|---|---|---|
| City of Portland/PDC: | $2,500 | |
| Bank: | | |
| Applicant: | | TOTAL: ______ |
| Other: | | |
| **TOTAL:** | $2,500 | |

3. **Description of Planned Uses/Development on Site:**

The City of Portland acquired this property by foreclosure for non-payment of taxes. The City is in process of possible disposition of the property with a goal of the fuel station remaining as a running fuel station and for the residence to be an affordable year round residence. A Phase I Site Assessment would be beneficial information. If additional funds are needed for a Phase II are needed, the City may apply for additional grant funds.

4. **Site Conditions**: (any additional information not provided in Site Information section)

The City has been informed that there currently exists two 2,000 gallon fuel tanks and one 500 gallon fuel tank - all above ground.

(a) Environmental Assessments Completed (in accordance with the American Society for Testing and Materials Standards [ASTM])

None

(b) Remediation Plan (brief summary and costs estimates)

(c) Redevelopment Plan (brief description, reuse plan, and financial estimates)

See 3 above.

(d) Community Benefits (brief description of health risks eliminated, economic revitalization, etc.)

Possibly put the property back on tax role and keep fuel station running for Cliff Island residents.

**5. Applicant Information Relative to Site**

(a). Status of Applicant as a Potentially Responsible Party at the Site

The City of Portland acquired this property by foreclosure for non-payment of taxes and, therefore, it is considered an involuntary acquisition and qualifies the City as an innocent purchaser.

(b) Environmental Compliance History

(c) Has applicant currently, or ever been subject to, any penalties resulting from environmental non-compliance at the site? X /No ____/Yes

If yes, please explain:

(d) Is applicant a generator or transporter of contamination to the site? ? X /No ____/Yes

If yes, please explain:

(e) Does applicant fall under statutory exemption from liability? ? ____/No X /Yes

If yes, please explain: Considered an involuntary acquisition which gives the City the CERCLA liability defense.

## 6. Applicant Financial Information

(a) Does Applicant owe any outstanding property taxes, fees, or liens to the City of Portland? No
If yes, please explain:

(b) Is Applicant involved in any pending lawsuits? Yes If yes, please explain:
City involved in various lawsuits, but not involving the subject property.

(c) Has Applicant ever been involved in bankruptcy or insolvency proceedings? Yes If yes, please explain: Yes, but not as bankrupt or insolvent; it has been parties in such proceedings to collect monies owed.

(d) Please state reason(s) why this project is not feasible without City of Portland/PDC loan participation:
The City does not have a budget for this item.

## 7. Schedule of Collateral

| | Land and Bldg. | Mach. & Equip. | Furniture & Fixtures | Accounts Receivable | Inventory | Personal Residence | Other |
|---|---|---|---|---|---|---|---|
| Purchase Price | | | | | | | |
| Date Purchased | | | | | | | |
| Present Market Value | | | | | | | |
| Present Loan Balance | | | | | | | |

## 8. Employment on Site

| **Currently** | Number of Full-time Employees: | Number of Part-time Employees: |
|---|---|---|
| **After City of Portland/PDC Funding:** | Number of Full-time Employees: | Number of Part-time Employees: 1 at fuel station |

## 9. Applicant References

| **Name** | **Address** | **Telephone** | **Credit Extended ($)** |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

### 10. Supporting Documentation Checklist

The following items should accompany the completed application, unless otherwise noted:

1. Brief history of property owners/managers (resumes, if available).
2. Letter(s) of commitment for bank/private financing with terms and conditions.
3. Copy of lease (building/property owners include copies of all tenant leases).
4. Existing debt schedule (include creditor names, amount, terms)
5. Personal financial statement(s) (owners/guarantors).
6. Environmental questionnaire (property owners only).

### 11. Certification, Credit Authorization, and Confidentiality of Records

To the best of my knowledge, the above information is accurate, and I (we) understand that any false or misleading information I (we) provide may lead to my (our) disqualification form this program. I (we) authorize the City of Portland and/or Portland Development Corporation to make whatever credit inquiries it deems necessary to verify the accuracy of the information provided in connection with the review of this credit application.

I (we) hereby request that information provided by me (us) and developed by the City of Portland and/or the Portland Development Corporation, or its staff or agents, with respect to this application for financial assistance be designated confidential and not open for public inspection, pursuant to 5 M.R.S.A. Section 13119 et sq.

Certain records of the City of Portland and/or the Portland Development Corporation are designated CONFIDENTIAL AND WILL NOT BE MADE AVAILABLE FOR PUBLIC INSPECTION. This includes the disclosure of tax or financial information; our assessment of creditworthiness or financial condition; records obtained by the City of Portland and/or the Portland Development Corporation in connection with the monitoring or servicing of an existing project; proprietary information; and, information regarding the financial status of the application.

Dated: 5/23/14 Signature of Applicant: Gregory A. Mitchell

Title, Company Name (if appropriate) Greg Mitchell, Economic Development Director/City of Portland

Dated: ______ Signature of Co-Applicant: ______

Title, Company Name (if appropriate) ______

**ATTACHMENT 1**



This page contains a detailed description of the Parcel ID you selected. Press the **New Search** button at the bottom of the screen to submit a new query.

## Current Owner Information:

| | |
|---|---|
| **CBL** | 109B F039001 |
| **Land Use Type** | RETAIL & PERSONAL SERVICE |
| Verify legal use with Inspections Division | |
| **Property Location** | 16 FISHERMAN'S COVE |
| **Owner Information** | KESSINGER HOLLY & BRUCE RIETH<br>12 PREBLE ST # 2<br>GORHAM ME 04038 |
| **Book and Page** | 21688/148 |
| **Legal Description** | 109B-F-39<br>FISHERMAN'S COVE 6-18<br>CLIFF ISLAND<br>19568 SF |
| **Acres** | 0.4492 |

*Services*

Applications

Doing Business

Maps

Tax Relief

Tax Roll

Q & A

browse city services a-z

browse facts and links a-z

Best viewed at 800x600, with Internet Explorer

## Current Assessed Valuation:

| | | |
|---|---|---|
| **TAX ACCT NO.** | 15698 | **OWNER OF RECORD AS OF APRIL 2013** |
| **LAND VALUE** | $232,800.00 | KESSINGER HOLLY &<br>BRUCE RIETH |
| **BUILDING VALUE** | $57,940.00 | 91 TURKEY LN |
| **NET TAXABLE - REAL ESTATE** | $290,740.00 | WEST BUXTON ME 04093 |
| **TAX AMOUNT** | $5,643.26 | |

Any information concerning tax payments should be directed to the Treasury office at 874-8490 or e-mailed.

## Building Information:

**Building 1**

| | |
|---|---|
| **Year Built** | 1950 |
| **Style/Structure Type** | CONVENIENCE STORE |
| **# Units** | 1 |
| **Building Num/Name** | 1 - SM STORE |
| **Square Feet** | 392 |

View Sketch View Map View Picture

**Building 3**

| | |
|---|---|
| **Year Built** | 1910 |
| **Style/Structure Type** | OLD STYLE |
| **# Stories** | 1 |
| **# Units** | 1 |
| **Bedrooms** | 2 |
| **Full Baths** | 1 |
| **Half Baths** | 1 |
| **Total Rooms** | 4 |
| **Attic** | FULL FIN./WH |
| **Basement** | FULL |
| **Square Feet** | 1039 |

View Sketch View Map View Picture

## Exterior/Interior Information:

**Building 1**

| | |
|---|---|
| **Levels** | 01/01 |
| **Size** | 392 |
| **Use** | MULTI-USE SALES |
| **Height** | 8 |
| **Walls** | FRAME |
| **Heating** | NONE |
| **A/C** | NONE |

## *Outbuildings/Yard Improvements:*

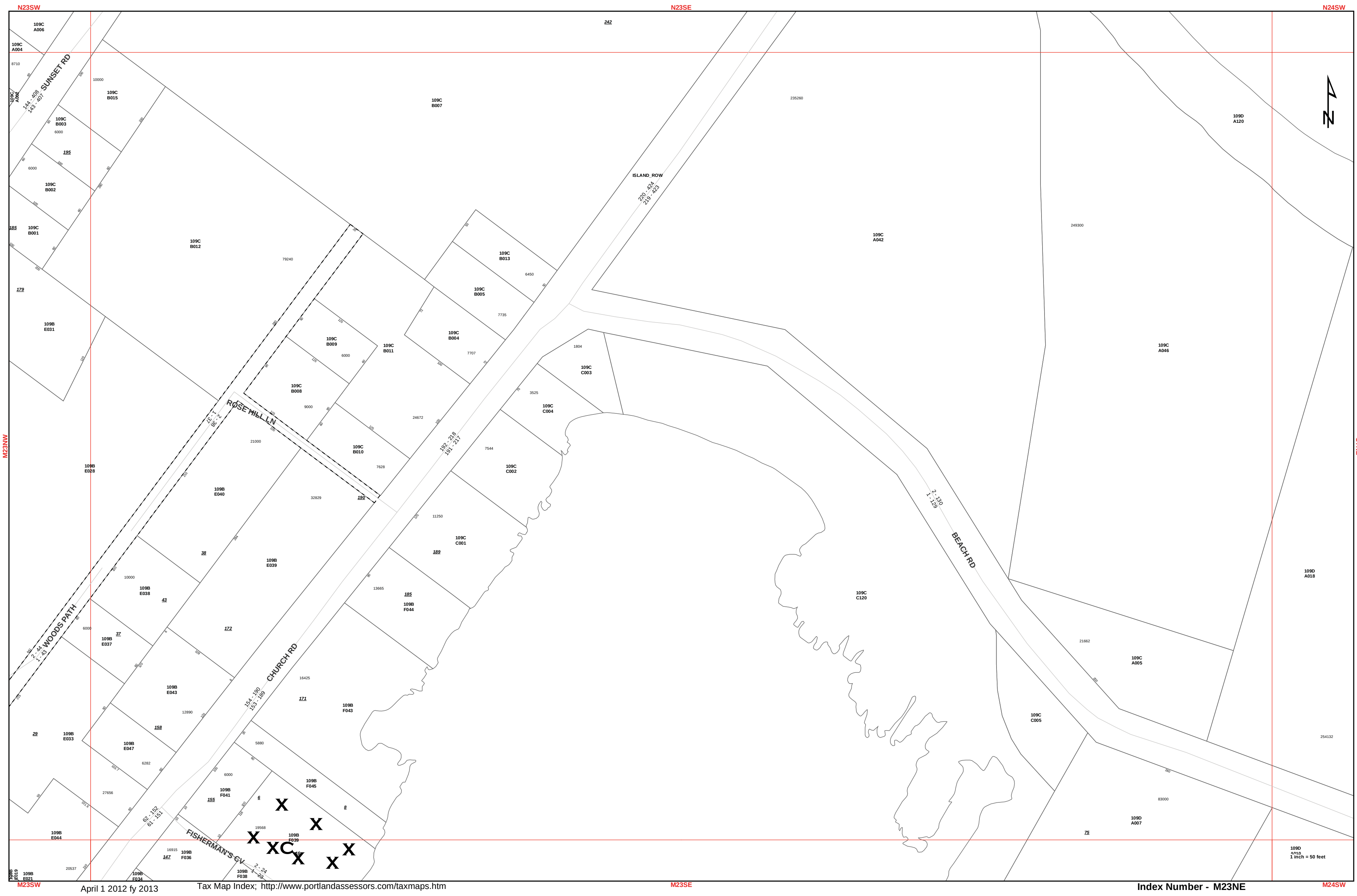
| | **Building 1** |
|---|---|
| **Year Built** | 1910 |
| **Structure** | BOAT DOCK WD |
| **Size** | 1X450 |
| **Units** | 1 |
| **Grade** | C |
| **Condition** | 3 |

| | **Building 2** |
|---|---|
| **Year Built** | 1910 |
| **Structure** | SHED-FRAME |
| **Size** | 1X180 |
| **Units** | 1 |
| **Grade** | C |
| **Condition** | 2 |

## *Sales Information:*

| **Sale Date** | **Type** | **Price** | **Book/Page** |
|---|---|---|---|
| 8/20/2004 | LAND + BUILDING | $0.00 | 21688/148 |
| 8/19/1986 | LAND + BUILDING | $0.00 | 7335/253 |

New Search!




April 1 2012 fy 2013

Tax Map Index; http://www.portlandassessors.com/taxmaps.htm

Index Number - M23NE

X = 16 Fisherman's Cove, Cliff Island/109B-F-39

Assessor Picture on File for 16 Fisherman's Cove, Cliff Island, 109B-F-39 (3/2014)

**Portland Development Corporation**
**Operating Report FY14**
**For Month Ending**
**4/30/2014**

| | |
|---|---|
| **Operating transfer from EDF** | **28,522** |
| **Total Funds Available** | **28,522** |

| FY14 Expenditures | Budget | Current Month | Year to Date | Percent of Budget | Balance |
|---|---|---|---|---|---|
| Administrative Services | 575 | 27 | 220 | 38.2% | 355 |
| Postage | 300 | 0 | 19 | 6.3% | 281 |
| Travel, Training, Meetings | 3,000 | 0 | 2,547 | 84.9% | 453 |
| Contractual services | 10,250 | 0 | 2,750 | 26.8% | 7,500 |
| Operating Transfer to Fin. | 9,647 | 0 | 9,647 | 100.0% | 0 |
| Advertising | 2,000 | 0 | 1,737 | 86.9% | 263 |
| Auto Expense Reimb. | 100 | 0 | 0 | 0.0% | 100 |
| Printing & Binding | 650 | 0 | 373 | 57.4% | 277 |
| Minor Equipment | 1,150 | 0 | 890 | 77.4% | 260 |
| Office Supplies | 850 | 0 | 327 | 38.5% | 523 |
| | | | | | |
| **Total FY14 Expenditures** | **28,522** | **27** | **18,510** | **64.9%** | **10,012** |

**Expenditures:**

| | |
|---|---|
| Administrative Services | Various Credit Reports |

**Downtown Portland Corporation**
**Schedule of Loans Receivable**
**For the Month Ending April 30, 2014**

| Cust # | Ln # | Account No. & Name | Date of Loan | Maturity Date | Original Loan | Not Yet Disb. | Total Disb. | Outstanding Princ. Bal. |
|---|---|---|---|---|---|---|---|---|
| | | | | | ----Committed/Disbursed Funds----- | | | |
| | | **Portland Business Fund 271 (UDAG):** | | | | | | |
| | | Nova Star Cruises Limited | 3/20/2014 | 5/1/2020 | 225,000 | 194,638 | 30,362 | 30,362 |
| | | **Sub-Total PBF (UDAG)** | | | | | | **30,362** |
| | | **Portland Business Fund 272 (Restricted - CIP):** | | | | | | |
| 4349 | 1078 | Mayflower Pottery | 2/25/2008 | 7/1/2015 | 25,000 | 0 | 25,000 | 4,992 |
| 4500 | 1127 | Tomaks, LLC | 3/27/2008 | 3/1/2014 | 75,000 | 0 | 75,000 | 63,847 |
| 5496 | 1288 | Museum of African Culture | 10/3/2011 | 10/1/2016 | 15,500 | 0 | 15,500 | 13,693 |
| 3763 | 955 | Eastman Industries | 4/19/2012 | 4/6/2017 | 34,800 | 0 | 34,800 | 31,049 |
| 3826 | 1007 | Kennebec St. Properties | 04/25/06 | 10/1/2018 | 67,500 | 0 | 67,500 | 48,318 |
| | | **Sub-Total PBF (Bonds)** | | | | | | **161,899** |
| | | **Portland Micro Capital Fund 271 (Unrestricted):** | | | | | | |
| 4740 | 1180 | PBJ Empire, LLC | 2/24/2010 | 3/31/2015 | 7,500 | 0 | 7,500 | 3,983 |
| 4760 | 1185 | DSM, LLC | 4/7/2010 | 5/1/2015 | 18,500 | 0 | 18,500 | 4,180 |
| 5147 | 1244 | Gorgeous Gelato LLC | 11/19/2010 | 12/1/2014 | 25,000 | 0 | 25,000 | 4,165 |
| 5320 | 1263 | Dobra Tea | 4/8/2011 | 4/1/2016 | 15,000 | 0 | 15,000 | 6,370 |
| 5708 | 1320 | Veranda Asian Market LLC | 4/19/2012 | 4/1/2017 | 50,000 | 0 | 50,000 | 36,458 |
| 5837 | 1341 | Back Bay Skate | 9/10/2012 | 9/1/2017 | 12,500 | 0 | 12,500 | 8,913 |
| 6113 | 1379 | EcoHome Studio, LLC | 4/11/2013 | 4/1/2018 | 15,000 | 0 | 15,000 | 11,994 |
| 6120 | 1380 | Portland Trading Co. LLC | 4/26/2013 | 8/1/2018 | 15,000 | 0 | 15,000 | 14,243 |
| 6133 | 1381 | Maine Bio-Fuels, Inc. | 5/24/2013 | 6/1/2018 | 25,000 | 0 | 25,000 | 21,173 |
| 6180 | 1382 | Undefeated Enterprises, Inc. | 6/27/2013 | 7/1/2018 | 25,000 | 0 | 25,000 | 22,844 |
| 6302 | 1411 | Pachanga, LLC | 11/6/2013 | 1/1/2016 | 14,000 | 0 | 14,000 | 13,297 |
| | | **Sub-Total Micro Capital Fund** | | | | | | **147,821** |
| | | **Creative Economy Fund 271 (Unrestricted):** | | | | | | |
| 5615 | 1308 | Studio Management Corp. | 1/20/2012 | 2/1/2017 | 26,000 | 0 | 26,000 | 17,256 |
| | | **Sub-Total Creative Economy Fund** | | | | | | **17,256** |
| | | **FAME Fund 277:** | | | | | | |
| 3763 | 956 | Eastman Industries | 4/19/2012 | 4/6/2017 | 34,800 | 0 | 34,800 | 31,049 |
| 5862 | 1351 | Peaks Island Fuel | 10/1/2012 | 10/1/2017 | 61,000 | 0 | 61,000 | 56,940 |
| | | **Sub-Total FAME Fund** | | | | | | **87,989** |
| | | **FAME SSBCI 279:** | | | | | | |
| 5836 | 1340 | 251 Woodford Street LLC | 8/31/2012 | 9/1/2017 | 165,000 | 0 | 165,000 | 156,575 |
| 5939 | 1356 | Apothecary By Design LLC | 11/8/2012 | 11/1/2017 | 200,000 | 0 | 200,000 | 171,159 |
| 5748 | 1327 | Fermentation & Distillation | 4/25/2012 | 10/1/2017 | 165,000 | 0 | 165,000 | 121,799 |
| 6199 | 1390 | Inn at Diamond Cove LLC | 7/10/2013 | 7/1/2018 | 200,000 | 0 | 200,000 | 191,316 |
| | | Evo Rock & Fitness Portland | 4/14/2014 | 11/1/2024 | 132,954 | 0 | 132,954 | 132,954 |
| | | **Sub-Total FAME SSBCI** | | | | | | **773,802** |
| | | **Real Estate Investment Fund 271(Unrestricted):** | | | | | | |
| 6104 | 1378 | McCuda, LLC | 4/19/2013 | 4/1/2016 | 200,000 | 0 | 200,000 | 193,275 |
| | | **Sub-Total RE Invest** | | | | | | **193,275** |
| | | **Grand Total Loans** | | | | **194,638** | **1,655,416** | **1,412,203** |
| | | Allowance for uncollectable loans at 15% | | | | | | 211,831 |
| | | **Total with Allowance for uncollectable loans:** | | | | | | **1,200,373** |

**CITY OF PORTLAND, MAINE**
**PORTLAND DEVELOPMENT CORPORATION**
**DELINQUENCY REPORT**
**MONTH ENDING APRIL 30, 2014**

| Loan | Payment Past Due | # of Payments | # of Days Past Due* | Outstanding Principal Balance | # of Times Past Due In Last 12 Reports (excluding present mo.) |
|---|---|---|---|---|---|
| Museum of African Culture | $327 | 3 | 89 | $13,693 | 10 |
| PBJ Empire LLC | $2,348 | 16 | 485 | $3,983 | 12 |
| Portland Trading Co. | $1,130 | Almost 4 @ 289.99/mo. | 90 | $14,243 | 7 |
| Studio Management Corp. | $1,481 | 3 | 89 | $17,256 | 12 |
| Undefeated Enterprises (Mitheap) | $465 | 1 | 17 | $22,844 | 8 |
| Veranda Asian Market** | $1,910 | 2 | 61 | $35,789 | 9 |
| **TOTALS:** | **$7,660** | | | **$107,808** | |

*Reflects number of days after 1st of month due date. Also, this report lists only loans that have not paid by the 15th of each month.
**Paid March on 5/5/2041 and April on 5/6/2014 - so current through month end April 2014.

# Portland Development Corporation
## Cash Management Report
## For Month Ending April 30, 2014

| | CIP | | UDAG | | FAME | FAME | Brown- | | Year-to-Date | | | | Business Assistance Grant Prgrm for Job Creation-FY12** | Business Assistance Grant Prgrm for Job Creation-FY14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 271 | | | SSBCI | field | | Principal/Interest | | | | | |
| | 272 | 274 | (Unrestricted) | | 277 | 279 | 278 | | CIP | UDAG | | | | |
| | Restricted | Unrestricted | Loans/PDAP | PEDP Bal | | | (PET) | TOTAL | Restricted | Unrestricted | FAME | SSBCI | | |
| Beginning Cash Bal. April 1, 2014 | 213,381 | 330,000 | 962,094 | 250,000 | 286,863 | 133,880 | 502,756 | 2,428,974 | | | | | 100,000 | 100,000 |
| Plus: | | | | | | | | | | | | | | |
| Principal payments received | 1,878 | | 4,110 | | 643 | 6,258 | | | 20,404 | 152,008 | 5,785 | 58,561 | | |
| Interest payments received | 537 | | 549 | | 302 | 3,168 | | | 8,166 | 20,615 | 3,720 | 29,589 | | |
| Interest Income | | | | | | 35 | | | | | | 301 | | |
| Other Income | | | | | | 1,330 | | | | | | 3,330 | | |
| Pass Through From FAME SSCBI | | | | | | 132,954 | | | | | | | | |
| **Sub-Total Cash Available** | 215,795 | 330,000 | 966,753 | | 287,808 | 277,625 | 502,756 | 2,580,737 | 28,569 | 172,623 | 9,505 | 91,781 | | |
| Less: | | | | | | | | | | | | | | |
| FAME Annual Admin. Fee | | | | | | | | | | | | | | |
| Disbursements - Loans/PDAP Grants | | | (41,649) | | | (132,954) | | | | | | | | |
| PEDPIP Grant Committed | | | | -230,894 | | | | | | | | | | |
| **Sub-Total Cash Available 4/30/2014:** | 215,795 | 330,000 | 925,104 | 19,106 | 287,808 | 144,671 | 502,756 | | | | | | | |
| Less Reserves for: | | | | | | | | | | | | | | |
| Beautification Program (EC0301) | | | (72,000) | | | | | | | | | | | |
| Ptld ED Plan Imple. Fund (EC1201) | | | (111,172) | | | | | | | | | | | |
| Portland Dev. Action Grant (EC0302) | | | (100,114) | | | | | | | | | | | |
| Transfers not yet recorded (UDAG Int) | | | (20,615) | | | | | | | | | | | |
| Grants/Loans Approved | | | | | | | | | | | | | -80,000 | |
| Annual Admin Payment to FAME | | | | | | | | | | | | | | |
| Used for Administration | | | | | | | | | | | | | -14,375 | |
| **Total Ending Loan/Grant Cash Bal. 4/30/2014:** | 215,795 | 330,000 | 621,203 | | 287,808 | 144,671 | 502,756 | 1,886,438 | | | | | 5,625 | 100,000 |

| | | CIP Rest. | | UDAG | Action Grant | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Commitments:** | | | | | | | | | |
| Portland Food Co-Op | | -130,000 | | | | | | | |
| Noova Star Cruises/Loan | | | | -194638 | | | | | |
| Sur Lie Wine Bar/Loan | | | | -37335 | | | | | |
| North Atlantic, Inc./Loan | | | | -75000 | | | | | |
| Press Hotel/Action Grant | | | | | -25,000 | | | | |
| Cow Plaza Hote/Action Grant | | | | | -25,000 | | | | |
| **Balances:** | | 85,795 | 330,000 | 314,230 | 50,114 | 287,808 | 144,671 | 502,756 | 1,715,374 |

| **Commitments:** | **Total Commit.** | **Disbursed** | **Balance** |
|---|---|---|---|
| Nova Star Cruises/Loan | 225,000 | 30,362 | 194,638 |
| Sur Lie Wine Bar/Loan | 37,335 | | 37,335 |
| North Atlantic, Inc./Loan | 75,000 | | 75,000 |
| Portland Food Co-Op/Loan | 130,000 | | 130,000 |

Portland, Maine — Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

# MEMORANDUM

**TO:** President and Members of Portland Development Corporation Board of Directors

**FROM:** Greg Mitchell, Economic Development Director

**DATE:** May 19, 2014

**SUBJECT:** **Review and Recommendation to City Council to Increase Loan Funding from FAME REDRLP/SSBCI Program from $1,000,000 to $3,500,000**

Council meeting at which action is requested: June 16, 2014 first reading; July 7, 2014, public hearing and vote.

Can action be taken at a later date? No.

If no, why not?
There are a number of loan requests that may be maturing in the next month and for which the SSBCI funds could be a source of funding

## I. SUMMARY OF ISSUE

**State Small Business Credit Initiative (SSBCI)**

**Overview**:

The City entered into a Participant Loan Agreement (attached) with the Finance Authority of Maine (FAME) on April 4, 2012, for participation in the FAME SSBCI program. This Loan Agreement provides for the City to drawdown funds for loans through the REDRLP and SSBCI programs up to a maximum $3,500,000.

To date, the PDC has lent $862,954 in SSBCI funds. Through the REDLP Program, the City has received $425,038 in two separate fundings. NOTE: These first generation REDRLP funds were lent out in their entirety prior to execution of the Participant Loan Agreement, and are now lent out as second generation REDRLP funds. As of month end April, just $287,808 remains in REDRLP monies for loans.

As of Month End April 2014:

| | |
|---|---|
| SSBCI Funds Lent | $ 862,954 |
| REDRLP Funding | $ 425,038 |
| Total: | $1,287,992 |

| | |
|---|---|
| Available from SSBCI/REDRLP | $3,500,000 |
| Total Used | $1,287,992 |
| Balance Available | $2,212,008 |

The Portland City Council approved of the City participation in the SSBCI initiative up to $1,000,000 (see attached Council Order). With the $862,954 lent to date, this would leave the PDC $137,046 available to draw down from FAME/SSBCI.

Staff is recommending the PDC Board recommend to the City Council authorization for the City Manager to drawdown up to the maximum amount allowed under the Loan Agreement of $3,500,000 from the SSBCI program and from REDRLP.

The current Loan Participation Agreement has no terms and no requirement for repayment of SSBCI funds unless the City mismanages the program or walks away from it. Thus, the funds are, in actuality, a grant to the City. After five years, the SSBCI revolved funds can be transferred into the REDRLP fund for continued relending. However, were the City to mismanage SSBCI funds or drop the program, FAME would take over management of the City's portfolio. All remaining SSBCI funds, the City would need to return to FAME, including those that were mismanaged (e.g., lent inappropriately) and those that had already been paid back to the City. The City would also be responsible for any fees to cover FAME's time in reclaiming mismanaged SSBCI funds and incorporating revolved funds and active loans into FAME's system.

## II. REASON FOR SUBMISSION

The City Council, by Order #143 passed April 2, 2012, approved a $1,000,000 loan from the FAME REDRLP/SSBCI program. Therefore, the City Council would need to authorize the City Manager to increase the City participation up to the maximum allowed, or $3,500,000.

## III. INTENDED RESULT

The intended result would be for an expansion of available loan funds from the REDRLP/SSBCI program for Portland businesses.

## IV. FINANCIAL IMPACT

There is no direct financial impact on the City, except for expanding the REDRLP/SSBCI funds available for loans to support Portland businesses.

## V. STAFF ANALYSIS AND RECOMMENDATION

Staff recommends the PDC Board recommend to the City Council authorization for the City Manager to increase the City loan participation in the FAME REDRLP/SSBCI program up to the maximum allowed, or $3,500,000.

Attachments:

- Council Order #143 of April 2, 2012 Approving Loan from FAME
- Loan Participation Agreement of April 4, 2012
- First Amendment to Loan Participation Agreement of March 3, 2014

Order 143-11/12
Given first reading on 3/19/12
Public Hearing and Passage: 8-0 (Suslovic absent) 4-2-12

MICHAEL F. BRENNAN (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
CHERYL A. LEEMAN (4)

# CITY OF PORTLAND

IN THE CITY COUNCIL

JOHN R. COYNE (5)
JOHN M. ANTON (A/L)
JILL C. DUSON (A/L)
NICHOLAS M. MAVODONES (A/L)

## ORDER AUTHORIZING A LOAN FROM FINANCE AUTHORITY OF MAINE IN AN AMOUNT NOT TO EXCEED $1,000,000

**FOLLOWING** a public hearing of the City Council of the City of Portland, Maine, held upon due notice pursuant to Article VII, Section 9 of the City Charter, **IT IS HEREBY**

**ORDERED THAT:**

**There be and hereby is authorized a One Million Dollars ($1,000,000) loan from the Finance Authority of Maine ("FAME") to the City of Portland, through the State Small Business Credit Initiative and FAME's Regional Economic Development Revolving Loan Program to fund economic development loans to local businesses through the City's Portland Development Corporation.**

**BE IT FURTHER ORDERED**

1. That to consummate the forgoing loan, the Director of Finance be and hereby is authorized to enter into a loan agreement with FAME and to evidence such loan through issuance of a Master Promissory Note, such note be dated, bear interest and mature as she may approve, such approval to be conclusively evidenced by the execution thereof;

2. That the Director of Finance be and hereby is authorized to provide that the foregoing loan may be made subject to prepayment prior to the stated maturity date, with or without premium;

3. That the loan agreement with FAME and the Master Promissory Note shall be signed by the Director of Finance and by the Mayor, either or both of whose signatures may be by facsimile to the extent permitted by law, attested to by the City Clerk, under the seal of the City and shall be in such form and contain such terms and provisions not inconsistent herewith as they may approve, their approval to be conclusively evidenced by their execution thereof;

4. That the Director of Finance is authorized to negotiate, execute, and deliver, in the name of and on behalf of the City such other contracts, agreements, and other certificates and documents as maybe necessary or appropriate as determined and approved by the Director of Finance in connection the consummation of the loan, which documents shall be in such form and contain such terms and conditions, not inconsistent herewith, as may be approved by the Director of Finance such approval to be conclusively evidenced by her execution thereof;

5. That the Director of Finance, Mayor and Clerk and other proper officials of the City be, and hereby are authorized and empowered in its name and on its behalf to do or cause to be done all such acts and things, not inconsistent herewith, as may be necessary or desirable in order to effect the execution and delivery of the loan agreement and the Master Promissory Note hereinabove authorized;

6. That if the Director of Finance, Mayor or Clerk are for any reason unavailable to approve and execute the loan agreement or the Master Promissory Note or any other documents necessary or convenient to the issuance, execution and delivery o the loan agreement or the Master Promissory Note, the person or persons then acting in any such capacity, whether as an assistant, a deputy, or otherwise, is authorized to act for such official with the same force and effect as if such official had performed such act.

7. That during the term of the Master Promissory Note, the Director of Finance be and hereby is authorized to issue and deliver a refunding note to refinance some or all of the Master Promissory Note then outstanding.

**FINANCE AUTHORITY OF MAINE**

**STATE SMALL BUSINESS CREDIT INITIATIVE**

**PARTICIPANT LOAN AGREEMENT**
**(For Regional Economic Development Revolving Loan Program Contractors)**

This Agreement, made as of this 4th day of April 2012, by and between **City of Portland**, a body politic and corporate, located in the County of Cumberland and State of Maine, and a mailing address of 389 Congress Street, Portland, Maine 04101 ("Participant"), and the Finance Authority of Maine, a body corporate and politic and a public instrumentality of the State of Maine, having a principal place of business in Augusta, Maine and a mailing address of P.O. Box 949, Augusta, Maine 04332-0949 ("Authority"), for the operation of a revolving loan program pursuant to the State Small Business Credit Initiative Act of 2010 (title III of the federal Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 and all guidelines and regulations of the United States Department of the Treasury promulgated thereunder (collectively, and as it may be amended, the "Act").

WHEREAS, Pursuant to the Act, the United States Department of the Treasury ("Treasury") has allocated funds under the State Small Business Credit Initiative ("SSBCI") to the Maine Department of Economic and Community Development acting on behalf of the State of Maine ("DECD"), and DECD has, with the permission of Treasury, contracted with the Authority to disburse the funds to eligible credit support programs; and

WHEREAS, Treasury has determined that the Authority's Regional Economic Development Revolving Loan Program established in 10 Maine Revised Statutes Section 1026-M *et seq.* and Chapter 614 of the Rules of the Finance Authority of Maine ("REDRLP"), is a credit support program eligible to receive SSBCI funds; and

WHEREAS, Participant is an existing contractor in good standing in the REDRLP program and has applied to the Authority to disburse SSBCI funds; and

WHEREAS, Treasury and the Authority have determined that Participant and Participant's proposal meet the requirements of public benefit, sound program design, operational and managerial capacity and financial integrity required by the Act and Participant is eligible to receive SSBCI funds as a loan to Participant evidenced by a Master Promissory Note;

NOW, THEREFORE, in consideration of the mutual representations, covenants and agreements contained herein and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## I. DISBURSEMENT

1.1 The Authority agrees to make one or more disbursements (each, and collectively, "Disbursement") to Participant from the SSBCI funds, in accordance with the provisions hereinafter set forth. Participant agrees to use the Disbursement and its proceeds solely for purposes as set forth in its response to the Authority's Request for Submissions, and in accordance with this Agreement and the Act. The Authority and the Participant agree that Participant's use of the Disbursement will be substantially in accordance with REDRLP but to the extent that REDRLP and the Act are not consistent, the provisions of the Act will govern. The Disbursement is evidenced by a Master Promissory Note given by Participant to the Authority of even date herewith. The terms of the Master Promissory Note and the Agreement, except certain provisions of the Agreement that survive as set forth in Section 12.5 below, are not effective after March 31, 2017, unless the Participant is in default as of that date.

1.2 Participant agrees to establish and maintain a Revolving Loan Fund with any Disbursement proceeds, all proceeds of collateral received by Participant attributable to the Disbursement and any funds obtained from relending funds and recollecting them, including interest on relent funds, to the extent attributable to a Disbursement. Participant's Revolving Loan Fund shall be accounted for with a segregated ledger. The monies in the Revolving Loan Fund shall be deposited in a financial institution covered by federal deposit insurance or otherwise secured.

1.3 The monies in the Revolving Loan Fund shall not be commingled with any other monies of Participant which are not subject to the lien created by this instrument, nor shall any such monies be commingled with monies of any other corporation, firm, association, entity, or individual.

1.4 The Disbursement shall be released to Participant on a loan-by-loan, first come, first-served basis with other Participants eligible to receive SSBCI funds while SSBCI funds are available, upon the Authority's receipt of (a) a commitment to a borrower by Participant, accepted by borrower; (b) the Participant's certification to the Authority that all the terms and conditions of the commitment which are preconditions to closing have been met and the loan is ready to close; (c) borrower's signed Certification of the items set forth in Exhibit C and (e) a completed Requisition and Report form, a copy of which is attached hereto as Exhibit B. Participant shall submit the foregoing to the Authority at least two weeks prior to an intended loan closing, unless the Authority agrees to less advance notice.

1.5 Without the prior written approval of FAME, Participant may not receive a Disbursement which will cause the total amount of funds which Participant has received under REDRLP and from SSBCI funds to exceed $3,500,000. Participant shall also not be entitled to receive a Disbursement until all funds allocated by FAME to Participant under REDRLP have been requisitioned by Participant for lending to borrowers under REDRLP.

1.6 Notwithstanding anything herein to the contrary, the Authority may determine that a reasonable and prudent amount of SSBCI funds shall be retained by the Authority and not provided as a Disbursement despite any requisition which may be pending, in order to have SSBCI funds available to subsequent applicants.

1.7 Participant agrees that any Disbursement made which is not relent to the specified borrower within three (3) months of the date of disbursement, shall be returned to the Authority with a written explanation for why it was not relent. Any funds so returned shall not be designated or allocated to future use by Participant, but shall become available to any subsequent Participant.

1.8 Participant may not lend the proceeds of a Disbursement to a borrower outside of Participant's region as identified in Participant's REDRLP Disbursement and Pledge Agreement with the Authority, without the prior written approval of the REDRLP contractor for that region, if any.

1.9 Participant acknowledges that a Disbursement pursuant to this Agreement is contingent upon funding from Treasury. Participant acknowledges that the total amount of funding from Treasury for all SSBCI programs in Maine (which includes but is not limited to REDRLP programs) may only be available to the Authority until September 6, 2013 (although amounts made available up until such time may continue to be disbursed by the Authority thereafter). Until September 6, 2013, funding for all such SSBCI programs in Maine is anticipated to be made available to the Authority in three tranches. However, a subsequent tranche of funding will not be released by Treasury until the prior tranche is at least 80% utilized. As a result, the availability of future funding could be affected by insufficient demand for funds in this or another SSBCI program in Maine.

## II. PLEDGE OF COLLATERAL

2.1 Participant hereby assigns, pledges as collateral and grants to the Authority a security interest in its portfolio of investments derived from the proceeds of this Disbursement, including but not limited to all funds now or hereafter placed in the Revolving Loan Fund described in Section 1.2 above attributable to the proceeds of the Disbursement, and all chattel paper, instruments, general intangibles, contract rights, accounts, gross receipts, gifts, pledges, income and revenue, now or hereafter in existence attributable to or derived from that portion of the Participant's relending program financed by the Disbursement, along with any and all proceeds thereof, although no disposition of encumbered property is hereby authorized. Participant authorizes the Authority to file a Financing Statement in accordance with the provisions of the Uniform Commercial Code simultaneously herewith in order to affect this Section, naming Participant as Debtor and the Authority as Secured Party, and covering the collateral described herein.

2.2 This Pledge of Collateral shall secure (a) repayment of any amounts due to the Authority hereunder; (b) performance of every covenant and agreement of Participant contained in this instrument; and (c) any and all future advances, whether obligatory, protective, or voluntary, made to Participant from time to time.

2.3 Notwithstanding that this Agreement is a present assignment of income and revenues, and notwithstanding that Participant may be required to execute specific assignments of collateral from borrowers, it is understood and agreed that Participant has permission, authority and responsibility to collect on all notes given to it, to service all loans it makes, and to manage the Revolving Loan Fund the same as if the assignments had not been given, so long as Participant does not suffer or permit an event of default as defined in Section 6.1 below. It is the responsibility of Participant to make and service loans to borrowers in such a manner that will fully protect its interests and those of the Authority.

## III. PARTICIPANT'S REPRESENTATIONS AND COVENANTS

The Participant represents and covenants:

3.1 Participant has been duly incorporated and validly exists as a [corporation] in good standing under the laws of the State of Maine, is not in violation of any provision of its [articles of incorporation or its bylaws], has power to own the collateral, to operate the Revolving Loan Fund and to enter into and perform this Agreement, and, by proper corporate action has duly authorized the execution and delivery of this Agreement.

3.2 This Agreement constitutes a valid and legally binding obligation of the Participant, enforceable in accordance with its terms.

3.3 Participant will not change its current entity, and will not dissolve or otherwise sell or dispose of all or substantially all of its assets without prior written consent of the Authority.

3.4 The representation, warranties, and covenants of Participant set forth in its response to the Authority's Request for Submissions and in any other documentation supplied to the Authority in connection therewith are by this reference incorporated in this Agreement as though fully set forth herein.

3.5 Pursuant to Section 3005(e)(7) of the Act, Participant represents that no principal of Participant has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. Section 16911)). For purposes of this representation, a principal is defined as each member of the board of directors of Participant and each of the five most highly compensated executives, officers, or employees of Participant.

## IV. PARTICIPANT'S RELENDING RESPONSIBILITIES

4.1 Participant agrees to develop and use loan documents substantially similar to REDRLP loan documents but adapted appropriately for loans to borrowers from Participant's Revolving Loan Fund established hereunder. If so requested by the Authority prior to any relending, Participant must provide the Authority with written copies of all forms to be used for relending purposes, including, but not limited to, application forms, notes, loan agreements and security instruments, for approval by the Authority. Specifically, Participant must obtain the Certification of Borrower in the form attached hereto as Exhibit C in its loan documents.

4.2 Participant must obtain the Authority's prior written approval before making any substantive changes to its forms or its relending program, as set forth in its response to the Authority's Request for Submissions. Participant agrees to operate its relending program in substantial conformance with its proposal. The Authority and the Participant agree that Participant will operate its Revolving Loan Fund substantially in accordance with its REDRLP program but to the extent that REDRLP and the Act are not consistent, the provisions of the Act will govern.

4.3 Participant must requisition all loan funds from the Authority and obtain the Authority's prior written approval to make loans hereunder. Participant is authorized to deny any loan applications it receives from potential borrowers under SSBCI.

4.4 Participant will be responsible for review of loan applications from potential borrowers and shall determine whether a borrower is eligible and whether the proposed project is eligible. Participant agrees not to make any loans to an ineligible borrower or for an ineligible project as set forth in Exhibit A.

4.5 Participant shall maintain a Revolving Loan Fund default rate of no greater than ten percent (10%) beginning on the first anniversary date of this Agreement. To the extent that the principal amount of Participant's loans in default exceeds ten percent (10%) of Participant's aggregate principal amount of loans outstanding, the Authority (a) may require that the Participant pay to the Authority an amount equal to the difference between the acceptable amount of loan principal payments in default as calculated above and the actual amount of loan principal payments in default; or (b) may declare an event of default. The principal amounts of any loans approved by the Authority, if in default, shall not be included in the foregoing calculations. A loan default shall be defined as any payment which is ninety (90) days or more past due from the later of the last regular due date or the last due date pursuant to any written payment modification agreements.

4.6 Unless otherwise approved in writing by the Authority, Participant agrees to make loans to borrowers from its Revolving Loan Fund only in compliance with this Agreement. No loan of $25,000 or less may exceed one-half of net new funds being loaned to a borrower (private leverage ratio of 1:2 of SSBCI funds to total funds). No loan of more than $25,000 but not more than $75,000 may exceed one-fourth of net new funds being loaned to a borrower (private leverage ratio of 1:4 of SSBCI funds to total funds). No loan of more than $75,000 may exceed one-sixth of net new funds being loaned to a borrower (private leverage ratio of 1:6 of SSBCI funds to total funds.). Notwithstanding the foregoing, Participant acknowledges that DECD and the Authority are obligated to maintain a private leverage ratio of 1:10 of SSBCI funds to net new funds across all programs benefitting from SSBCI funds. In order that DECD and the Authority may comply with the 1:10 private leverage ratio requirement, Participant agrees to use best efforts to make loans with the highest possible leverage ratio and acknowledges that the leverage requirements set forth herein are subject to change.

4.7 Participant agrees to provide the Authority with properly executed assignments of loan documents in form acceptable to the Authority if so requested by the Authority upon an event of default. Participant also hereby irrevocably constitutes and appoints the Authority as Participant's true and lawful attorney, with full power of substitution, at the sole cost and expense of Participant, but for the sole benefit of the Authority, to do all such things necessary to effect such assignments, including, but not limited to, signing the name of Participant on any document necessary to effect an assignment or perfect or protect a security interest in any collateral subject to an assignment. All powers conferred upon the Authority by this Section, being coupled with an interest, shall be irrevocable so long as any obligation of Participant to the Authority shall remain unpaid or unperformed.

## V. ADMINISTRATIVE AND OTHER EXPENSES AND FEES

5.1 Participant may not use monies disbursed from SSBCI funds for administrative expenses, but may charge a commitment fee to a borrower of up to two percent (2%) and may use interest earnings on its Revolving Loan Fund not to exceed seven percent (7%) of each loan annually on loans to cover its reasonable administrative and technical costs. The Authority reserves the final determination as to whether any such costs are reasonable.

5.2 Participant shall pay an annual administration fee to the Authority equal to three quarters of one percent (.75%) of the amount of the total Disbursement to Participant which has been received by Participant as of the due date of the fee. The annual administration fee is waived through December 31, 2013.

## VI. DEFAULT

6.1 Upon occurrence of an event of default, as hereinafter defined, the Authority may (a) take whatever action at law or in equity may appear or become necessary or desirable to collect the amounts due and thereafter to become due or to enforce the performance or observation of the obligations, agreements and covenants of the Participant; (b) withhold further funding from Participant; (c) require repayment of any undisbursed or misapplied loan funds and loan repayments, including an assignment of all loan documents; and (d) terminate Participant's ability to make loans, collect loan payments, service its loans, or otherwise continue to operate its Revolving Loan Fund. An event of default shall include:

A. Failure, inability or unwillingness of Participant to carry out or comply with the representations set forth in its response to the Authority's Request for Submissions, or the terms and conditions of this Agreement, or any applicable law, including but not limited to misapplication of any Disbursement or use for ineligible purposes or projects or failure to provide required reports , audits, and financial statements by the required deadline;

B. Failure of Participant to pay, within fifteen (15) days of the due date, any amounts owed to the Authority pursuant to the Note or to the Authority's request for any such payment, particularly in accordance with Section 4.5 hereof;

C. The occurrence of (1) the Participant's becoming insolvent, or ceasing, being unable, or admitting in writing its inability to pay its debts as they become due, or making a general assignment for the benefit of, or entering into any arrangement with, its creditors; or (2) proceedings for the appointment of a receiver, trustee, or liquidator of Participant, or of a substantial part of its assets, being authorized or instituted by or against it;

D. Submission or making of any report, statement, warranty or representation by Participant to Authority in connection with its response to the Authority's Request for Submissions or any other documentation submitted by it which is false, incomplete or incorrect in any material respect;

E. Failure of Participant to remedy any material adverse change in its financial or other condition arising since the date hereof, which condition was an inducement to the Authority to make this Agreement and Disbursement; or

F. Failure of Participant to maintain the loan default rate set forth in Section 4.5.

6.2 Upon the occurrence of an event of default, the Authority shall notify the Participant in writing of such default, specifying the actions necessary to bring Participant into compliance. Participant shall have thirty days from the date of mailing of the notice to cure the default or defaults. Notwithstanding the foregoing, however, the Authority is not obligated to provide notice of a default caused by failure to provide required reports, audits, and financial statements by the required deadline, nor will Participant have an opportunity to cure a default caused by failure to provide required reports, audits, and financial statements by the required deadline.

## VII. CONFLICTS OF INTEREST

7.1 Participant will, for each proposed loan, inform the Authority by completing and signing the Requisition and Report Form attached hereto as Exhibit B whether and to what extent Participant or its principal officers or employees, including immediate family, hold any legal or financial interest or influence in the borrower, or the borrower or any of its principal officers or employees, including immediate family, holds any legal or financial interest or influence in Participant. Participant agrees to furnish such additional information as the Authority may require in connection therewith. The Authority may deny a request for loan funds, or approve the request upon conditions it deems necessary or appropriate if the Authority determines that a conflict of interest exists.

7.2 Officers or employees of Participant or members of any credit committees of Participant shall be barred from participation in any way and any decision regarding projects which that officer, employee or member has a direct or indirect personal financial interest.

7.3 A borrower may not be an executive officer, director, or principal shareholder of Participant; a member of the immediate family of an executive officer, director, or principal shareholder of Participant; or a related interest of any such executive officer, director, principal shareholder, or member of the immediate family, as those terms are defined in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

## VIII. INSURANCES

8.1 Participant shall provide and maintain adequate insurance covering workers' compensation in accordance with the laws of the State of Maine, hazard, public liability, and fidelity bond for all persons who have access to Participant's Revolving Loan Fund. Such coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate persons. The amount of such coverage must be at least equal to the amount of the total Disbursement, and shall name the Authority as co-obligee.

## IX. REPORTS AND AUDITS

9.1 During the term of this Agreement, for each calendar year quarter ending March 31, June 30, September 30, and December 31, Participant shall report quarterly to the Authority by the immediately following April 10, July 10, October 10 and January 10 respectively, and for each calendar year ending December 31, Participant shall report annually by March 10 of the subsequent calendar year to the Authority on the projects funded and the administration of its Revolving Loan Fund. The reports must include, at a minimum, the unique loan identifier established in Participant's original loan requisition, the borrower's industry code and year of incorporation, a written description of each project including the name and location of the borrower by census tract and zip code, the date of the loan, the amount, type and terms of financial and other assistance the project received including any additional related private financing that occurred after the closing of the SSBCI loan, the borrower's number of full time employees and the number of permanent full time jobs that were created and retained with the financing, the borrower's annual revenues, an accounting of the loan portfolio created hereunder and any loans that are past due, as well as an accounting of Participant's administrative and technical assistance expenses incurred and charged to the Revolving Loan Fund. Participant shall also provide, from time to time, any other reports or such other and further information which the Authority may reasonably require. The quarterly and annual reporting must be provided to the Authority electronically in the format requested by the Authority. In connection with submission of any required reports hereunder, Participant must also provide to the Authority any certification required by the Authority as to accuracy of the reports and/or compliance with applicable laws, regulations, and contracts, including but not limited to the Act and this Agreement.

9.2 The Participant shall also submit to the Authority, annually, within one hundred and eighty (180) days of the close of its fiscal year end, an independent organization-wide audit of Participant's Revolving Loan Fund records, at Participant's expense.

9.3 The Authority shall have the right to review the books and records of Participant related to its Revolving Loan Fund, and any other such documents maintained by Participant. Participant agrees to make available to the Authority, DECD, and to the Treasury Inspector General, and to require its borrowers to make available to the Authority, DECD, and to the Treasury Inspector General, all books and records related to Participant's Revolving Loan Fund and the use of SSBCI funds, subject to the Right to Financial Privacy Act (12 U.S.C. §3401 et seq.), including detailed loan records, as applicable. Participant acknowledges and agrees that its reports and audits submitted to the Authority under Section 9 will be submitted by the Authority in whole or in part to Treasury and/or to DECD as required to receive SSBCI funds. Participant agrees to retain its records related to its Revolving Loan Fund until at least December 31, 2020.

9.4 Participant acknowledges that timely provision of the required reports, audits and financial statements is essential to the Authority's ability to meet its reporting obligations to Treasury and assure the availability of continued SSBCI funding not only to REDRLP Participants but to other programs. Failure to provide such information by the required deadline will jeopardize the availability of continued SSBCI funding to other Participants and other programs and will constitute an Event of Default under Section 6 for which Participant may be subject to the maximum penalties.

## X. CONFIDENTIALITY

10.1 Participant agrees that neither it nor any of its agents or employees will knowingly divulge or disclose any confidential financial information or business plan submitted to, or developed by Participant, except to the extent that the disclosure is deemed by the Participant and the Authority to be necessary for evaluation of any loan application submitted to the Participant or is required by applicable law.

## XI. INDEMNIFICATION

11.1 Participant agrees to protect, defend and hold harmless the Authority and its officers, members and employees from any claim, demand, suit or action or other proceeding whatsoever by any person or entity whatsoever, arising or purportedly arising from or in connection with the SSBCI funds or Participant's Revolving Loan Fund or this Agreement, or the transactions contemplated thereby or hereby or actions taken thereunder or hereunder.

11.2 The Authority shall not be liable for any damage or injury to the persons or property of Participant or its members, officers, agents, servants or employees, due to any act or omission of any person other than the Authority, its respective members, officers, agents, servants and employees.

11.3 With respect to Section 11.1, Participant releases each of the aforementioned parties or persons from, and agrees that each such party or person shall not be liable for, and agrees to hold each such party or person harmless against any expenses or damages, including charges of counsel, incurred because of any investigation, review or lawsuit commenced by the Authority in good faith with respect to this Agreement or the SSBCI funds or Participant's Revolving Loan Program.

## XII. MISCELLANEOUS

12.1 This Agreement shall be binding upon and inure to the benefit of all successors and permitted assigns of the parties hereto.

12.2 Participant may not assign its rights, interests or obligations hereunder without the express prior written approval of the Authority.

12.3 This Agreement may be amended only in writing signed by both parties hereto, provided, however, that in the event the Act or REDRLP is amended during the term of this Agreement, the parties hereto agree to amend this Agreement as the Authority deems necessary.

12.4 Interpretation of the Agreement shall be governed by and enforced in accordance with the laws of the State of Maine.

12.5 This Agreement shall automatically renew from year to year, until such time as both the

Participant and the Authority agree otherwise, in writing, unless previously terminated by the Authority upon thirty (30) days' written notice to the Participant or pursuant to an event of default. Notwithstanding the foregoing, the provisions of this Agreement are not effective after March 31, 2017, except the following provisions which survive: Section Two, Sections 3.1-3.4, inclusive, Section 9.3, and Section 11. Effective March 31, 2017, Participant's Revolving Loan Fund created hereunder shall transfer to Participant's REDRLP Revolving Loan Fund and operate pursuant to the REDRLP Disbursement and Pledge Agreement between Participant and the Authority.

12.6 Nothing contained in this Agreement shall be construed to cause Participant to become an agent for the Authority for any purpose whatsoever, nor shall the Authority be regarded as an agent for Participant.

12.7 Authority and Participant agree to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description or for carrying out the intent of or facilitating the performance of this Agreement.

**IN WITNESS WHEREOF**, Participant and the Authority have each caused this Agreement to be executed in its corporate name by a duly authorized representative and its corporate seal hereunto affixed, all as of the date first above-written.

WITNESSES:

**FINANCE AUTHORITY OF MAINE**

Elizabeth L. Bordowitz

By: Elizabeth L. Bordowitz
Its: Chief Executive Officer

Judith Rosen

Name of Participant:
**City of Portland, Maine**

By: Ellen Sanborn
Its: Finance Director

FIRST AMENDMENT TO

STATE SMALL BUSINESS CREDIT INITIATIVE
PARTICIPANT LOAN AGREEMENT

This Amendment is made and dated as of March 3, 2014, by and between the undersigned parties, who entered into a State Small Business Credit Initiative Participant Loan Agreement dated April 4, 2012 (the "Agreement"), and now desire to amend the Agreement and hereby agree to amend the Agreement as follows:

1. No merger, not applicable
2. The reference to Section 3005(e)(7) of the Act (as defined in the Agreement) in Section 3.5 of the Agreement is changed to Section 3011(c)(2).
3. Exhibit B is replaced with Exhibit B attached hereto and made a part hereof.
4. Exhibit C is replaced Exhibit C attached hereto and made a part hereof.

The Agreement remains in full force and effect, except as hereby amended.

In Witness Whereof, the undersigned parties have each caused this Amendment to be executed in its corporate name by a duly authorized representative and its corporate seal hereunto affixed, all as of the date first above written.

Witness:

Lynn Daley

Finance Authority of Maine

B. E. Wagner

By: Bruce E. Wagner
Its: Chief Executive Officer

Lori J. Paoletto

City of Portland

Gregory A. Mitchell

By: GREGORY A. MITCHELL
Its: ASSISTANT SECRETARY

# EXHIBIT B
# SSBCI REQUISITION AND REPORT FORM

This form must generally be submitted at least two weeks in advance of an intended loan or investment closing. Please assign a unique identifier to each proposed loan or investment transaction. This number must coincide with future reporting on your "Annual and Quarterly Reconciliation Reports" (Section 9.1). This form must be accompanied by: (a) the **signed commitment letter** and include your certification that all preconditions to closing have been met and the loan or investment is ready to close; and (b) **Certification** of the qualifying small business (investee) or borrower (Exhibit C). Loans to borrowers must be credit-approved by FAME **prior to** submission of a requisition request. Participants proposing loans to borrowers should submit a copy of Participant's loan analysis for such credit-approval.

**Participant:** ______________________________

**Participant's EIN:** ______________________________

**Mailing Address:** ______________________________

**Contract Officer:** ______________________________

**Phone:** ____________ **Fax:** ____________ **E-mail:** ____________

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**Legal Name of Qualifying Small Business (Investee) or Borrower:** ____________
**Address:** ______________________________
**Phone:** ______________________________
**Borrower EIN#:** ______________

**Your Agency Loan # or Transaction Identifier:** __________

**Full Time Permanent Jobs Retained:** ______
**Full Time Permanent Jobs Created:** ______
**Other Jobs Created or Retained:** ______
**Borrower's or Investee's Number of Full Time Equivalent (FTE) employees:** __________
**Census tract (11 digits total)**
**State Code (2 digits):**_____ **County Code (3 digits):** _____ **Tract Code (6 digits):** ________
**(or attach Geocoding Search Result)**

**Zip code of principal location in Maine:**________

**<u>Loan or Investment will provide access to capital in: (check all that apply) (per HUD guidelines)</u>**
☐ **Low or moderate income community**
☐ **Minority community**
☐ **Other underserved community**

**<u>The Borrower or Investee is: (check all that apply) (per HUD guidelines)</u>**
☐ **A woman or women owned business**
☐ **A minority owned business**

**Borrower's or Investee's annual sales revenues in last fiscal year:** ______________
**NAICS 6-digit code for Borrower's or Investee's industry:** ______________
**Year Borrower or Investee incorporated or established:** ______________

**Purpose of borrowing or investment: (Project Description) (attach additional sheet if necessary):**

**Proposed Loan or Investment Structure:**

| **SOURCES:** | | **USES**: | |
|---|---|---|---|
| SSBCI Funds Requested: | $ | | $ |
| Bank | $ | | $ |
| Borrower or Investee | $ | | $ |
| Other/Public:________ | $ | | $ |
| Other/Private:_______ | $ | | $ |
| **TOTAL** | **$** | | **$** |

On behalf of Participant, I certify that all preconditions to closing have been met and the loan or investment will be made upon receipt of funds and the Borrower or Investee and the project are eligible for funding. I certify that the loan or investment will not place under protection of the SSBCI program any prior debt or investment that is not covered under the SSBCI program and that is or was owed by the Investee or Borrower to Participant or an affiliate. I certify that the loan or investment is not a refinancing of a loan or investment previously made to the Borrower or Investee by Participant or an affiliate, nor is the Participant attempting to enroll any portion of an SBA-guaranteed loan.

Neither the Participant nor its principal officers or employees, including immediate family, holds any legal or financial interest or influence in the Borrower or Investee. Neither the Borrower nor Investee nor its principal officers or employees, including immediate family, holds any legal or financial interest or influence in the Participant. *[If either is not a true statement in any respect, cross the statement out and attach an explanation of the nature and extent of the interest or influence between the Borrower or Investee and the Participant.]*

Pursuant to Section 3011(c)(2) of the Act, Participant represents that no principal of the Participant has been convicted of a sex offense against a minor (as such terms are defined in Section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. Section 16911)). For purposes of this representation, "principal" is defined as each member of the board of directors of Participant and each of the five most highly compensated executives, officers, or employees of Participant.

**Signature of Participant's Officer: ___________________________________Date: _____________**

Date of disbursement: ________________________________

*(to be entered by FAME on date of disbursement to Participant)*

# EXHIBIT C
## Qualifying Small Business or Borrower Certification for Use of Proceeds and Authorization to Release Information

Assurances #1 through #4 reference Section 3005(e)(7) of the Small Business Jobs Act of 2010 and Assurance #5 references Section 3011(c)(2) of the Small Business Jobs Act of 2010.

Legal Name of Qualifying Small Business or Borrower:
___________________________________ (the "undersigned")

The undersigned hereby certifies the following to the United States Department of the Treasury, the State of Maine Department of Economic and Community Development, the Finance Authority of Maine, and the Participant:

1. The investment or loan proceeds will be used for a "business purpose." Business purpose includes, but is not limited to, start up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of business purpose excludes: activities related to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities; and lobbying activities, as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

2. The investment or loan proceeds will NOT be used to:
a. repay delinquent federal or state income taxes unless the undersigned has a payment plan in place with the relevant taxing authority; or
b. repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
c. reimburse funds owned to any owner, including any equity injection or injection of capital for the business' continuance; or
d. to purchase any portion of the ownership interest of any owner of the business.

3. Neither the undersigned nor any principal owner of the undersigned is:
a. an executive officer, director, or principal shareholder of the Participant; or
b. a member of the immediate family of an executive officer, director, or principal shareholder of the Participant; or
c. a related interest of such an executive officer, director, principal shareholder, or member of the immediate family.

For the purposes of these three restrictions, the terms "executive officer", "director", "principal shareholder", "immediate family" and "related interest" refer to the same relationship to Participant as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

4. The undersigned is NOT:
a. a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in

commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or
b. a business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company Community Development Financial Institutions; or
c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
d. a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or
e. a business engaged in gambling enterprises, unless the business earns less than 33% of its annual net revenue from lottery sales; or
f. a financial institution.

5. No principal of the undersigned has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). For the purposes of this certification, principal is defined as "if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds a 20% or more ownership interest in the partnership; and if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 20% or more of the ownership stock or stock equivalent of the entity".

**6. The undersigned authorizes Participant to provide this Certification, and any other information in the undersigned's application for financial assistance required to be reported, to the Finance Authority of Maine (the "Authority") and authorizes the Authority to report such information to the United States Department of the Treasury ("Treasury") and/or to provide such information to the State of Maine, Department of Economic and Community Development for purposes of such reporting to Treasury.**

Legal Name of Qualifying Small Business or Borrower: ______________________________

_______________________________________________________
By: [Printed Name] ______________________________________
Its: [Title] ______________________________________________ /Authorized Signatory
Date: ___________________________________________________