PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: Friday, March 27, 2015
TIME: 12:00 Noon to 1:30 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 meetings held on October 16, 2014; December 18, 2014; and, February 19, 2015.

3. Review and vote on Loan and Business Assistance Grant for Job Creation 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 the following loan/grant requests:
   a) Poplar and Company, LLC, d/b/a Roustabout – Loan and Business Assistance Grant for Job Creation Requests

4. Review and recommendation on Adam School/PDC ownership for environmental cleanup purposes.

5. Treasurer's Report – February 2015 – Drew Swenson
   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. Other items to be discussed/brought up by Board Directors.

7. Next Meeting Date: April 16, 2015

Barry Sheff
President

Minutes

Portland Development Corporation

February 19, 2015

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, February 19, 2015, at 4:00 p.m. in Room 209 on the second floor of Portland City Hall. Present from the Board were Directors Tim Agnew, Shelly Carvel, Sheila Hill-Christian, Chip Martin, Heather Sanborn, Jere Shaw, and Drew Swenson. Directors not able to attend were President Barry Sheff, Mayor Michael Brennan, Neil Kiely, and Jess Knox. Present from the City staff were Associate Corporation Counsel Michael Goldman, Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. PDC loan underwriting consultant Vin DiCara was also in attendance.

Item #1: President's Comments

In light of the President's absence, Board Treasurer Swenson chaired the meeting, and then asked for introductions as three new members are present for their first meeting, namely Tim Agnew, Shelley Carvel, and Heather Sanborn.

Item #2: Review and accept Minutes of previous meetings held on October 16, 2014 and December 18, 2014.

Editor's Note: Because of the Directors present at today's meeting and abstaining from voting for these Minutes as they were not in attendance at those meetings, both of these Minutes did not receive the required four votes for passage, that is: for October 16, 2014 meeting, two Directors were present today at that meeting – Hill-Christian and Shaw; for December 18, 2014 meeting, three Directors were present today at that meeting – Hill-Christian, Shaw, and Swenson. Editor will present these

Minutes at a future Board meeting when at least four Directors are present that were at each meeting.

Item #3: Review and vote on Loan and Business Assistance Grant for Job Creation 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 the following loan/grant requests:

A. **RAIN Management, LLC, d/b/a Soakology – Loan Request**
B. **Poplar and Company, LLC, d/b/a Roustabout – Loan and Business Assistance Grant for Job Creation Requests**

Mr. Swenson noted that the Board would first hear presentations from staff and applicants in public session, and then the Board would go into executive session to discuss and review proprietary information, and then come out of executive session and vote. He also noted that he would be abstaining from voting on both of these items since he has a conflict of interest in that his company manages the locations where these business are/will be.

Mr. Agnew noted that he is on an Advisory Board at Gorham Savings Bank, but does not feel that he has a conflict of interest in voting as it is not a decision-making Board with no financial interest. The Board concurred.

Ms. Hanig then introduced the RAIN Management, d/b/a Soakology, request, noting that it has been in business for 10 years at 30 City Center, and its owner Roberta Alexander is here today for any questions. Use of loan funds will include leasehold improvements, inventory, furniture/fixtures, and equipment machinery. Ms. Hanig then described the services of Soakology, noting that it will be relocating but that location is not yet available for the public, as a grand opening is part of the marketing campaign.

Ms. Alexander thanked the Board for their review of this loan request. She indicated that her down-to-earth prices are the reason for staying alive in slow times. Clients can spend as little as 20 minutes at the spa or a half day. Her marketing is mostly word of mouth, and also noted that Channel 13 filmed them recently as they won a golden plate award.

Mr. Agnew asked if she would be hiring new employees with the expansion, and Ms. Alexander indicated that she would add two to three employees.

Mr. Martin asked if she was the sole owner, and Ms. Alexander indicated that she was.

Mr. Shaw asked who ran the business while she is not there. Ms. Alexander then described three key employees who are able to do this.

Ms. Carvel asked about the timing for relocation, and Ms. Alexander indicated that the goal is by July 1st.

Mr. Swenson, noting no further comments/questions, said that the Board would next have a public presentation on the loan request from Poplar and Company, LLC, d/b/a Roustabout.

Ms. Hanig described the loan and grant request from Poplar and Company, to be located in the same building as the PDC's recent loan to Maine and Loire, and introduced its owners Kit Paschal and Anders Tallberg.

Mr. Paschal said that Roustabout will be part bar, café, and restaurant that is not available in the Munjoy Hill area now. It will be casual, yet upscale and described the design/lighting of the restaurant, including a private dining room that can fit 16 for a sit down dinner, or 25 standing. This dining room would fill a niche in Portland for rehearsal dinners. He has contacts with the hotel industry who have indicated that there is this void. He then described the location, particularly the growing neighborhood that is under-served, noting word of mouth promotion will be an important marketing tool.

Mr. Paschal then described his experience in the industry, particularly at Hugo's, Portland Hunt & Alpine Club, and Eastern Standard (Boston).

Anders Tallberg then described his experience from culinary school, internships, and then opening a small restaurant in New Hampshire, then Boston.

Mr. Shaw asked about the floor plan, and Mr. Paschal described it noting 70 total seats, including bar stools.

Mr. Martin asked about the price point range, and Mr. Paschal said the beverages are in line with current area standards, anywhere from $3.00 to $12.00, and bottles of wine vary. Appetizers range from $8.00 to $14.00, and entrees approximately $25.00. An average dinner, with tax and tip, would be about $40.00; lunch would be about $20.00.

Mr. Shaw asked about parking, as well as if the business does not ramp up as they expect what would be their plan. Mr. Paschal said that they have full use of the parking lot at the premises. Regarding ramp up timing, Mr. Paschal said that with ongoing management and marketing, they would work through it to get more business.

Ms. Carvel asked when they expected to open and their options if the loan is not approved. Mr. Paschal said that they are planning for August, and if needed would have to renegotiate with the bank.

Ms. Sanborn asked about the private dining room, and Mr. Paschal said that it can be used for private parties, or if not in use, for daily dining purposes. For private dining parties, he would try to preset their menus. He noted again his hotel contacts who have said that there is a void for locations for larger/private dining parties.

Mr. Agnew asked about the relationship of the two owners and their business management experience, and cash flow management. Mr. Paschal said they worked together at Hugo's, and prior to that ran in the same circles in the Boston area. Mr.

Paschal said that he has management experience in cost control, bar experience, guest contacts, managing employees, and time management with all details of running a business.   Regarding cash flow management, the books will be done by an accountant reviewed by him regularly.

Mr. Swenson noting no further comments/questions, said the Board would now go into executive session to review these two requests, as well as the delinquency report.

On motion then made and seconded, the Board voted unanimously at approximately 5:15 p.m. 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 the loan requests from RAIN Management, LLC, and Poplar and Company LLC, as well as to review the January 2015 delinquency report. At approximately 6:10 p.m., the Board came out of executive session.

On motion made and seconded, the Board voted 6-0-1 (Swenson abstained) to extend the loan to RAIN Management, LLC on the terms and conditions as presented, subject to clarification of a succession plan for the company.

On motion made and seconded, the Board voted 6-0-1 (Swenson abstained) to table the loan/grant request from Poplar and Company, LLC, pending additional information requested during executive session, which staff will discuss with the applicant.

Item # 4: Review and vote on City of Portland Grant request from the Portland Economic Development Plan Implementation Program (PEDPIP) in the amount of $10,000 to support the Greater Portland Economic Development Corporation's grant application to the Maine International Trade Center for its "Invest in Maine" program – an international business marketing and recruitment project.

Mr. Mitchell said this is a City of Portland grant request for an international business marketing and recruitment project in partnership with the Maine International Trade Center (MITC) and the Greater Portland Economic Development Corporation (GPEDC). The PEDPIP grant funds would be leveraged by $123,320, from a variety of sources, including $10,000 each from the municipalities of South Portland, Scarborough, and Westbrook; $5,000 from the GPEDC; $28,320 of staff inkind contributions from those municipalities; and, a $50,000 grant (pending approval) from MITC from the "Invest in Maine" regional reimbursement program for international recruitment. Funds will be used to hire a consultant to connect the municipalities with different international markets, with limited, focused travel. International recruitment is consistent with the Portland Economic Development Plan.

Noting no comments/questions, a motion was made and seconded and approved (6-0-1 – Hill-Christian abstained) to extend $10,000 in grant funds to the City of Portland as part of the "Invest in Maine" regional reimbursement program as noted by Mr. Mitchell.

Item #5: January 2015 Treasurer's Report

Mr. Swenson presented the report indicating the PDC administrative budget is running below budget as is the norm, with expectations to be about $5,000 under budget by year's end; the Schedule of Loans Receivable shows total funds lent at $2.3 Million, with outstanding principal balance of $2.0 Million. Just one loan has not entirely been disbursed, that being to Nova Star Cruises. This loan has until the end of March 2015 to draw down up to $225,000; to date it has drawn down $120K+/-. Unless there is something unusual, this loan is not anticipated to use the entire $225,000. The Board already discussed the delinquency report in executive session. Regarding the Cash Management Report, Mr. Swenson said that it shows approximately $1.3 Million available to lend/grant.

Item #6: Other items to be discussed/brought up by Board Directors.

Mr. Swenson said that he and Barry Sheff have agreed to be on Committee to review possible amendments to the Business Assistance Grant Program for Job Creation's guidelines. Should other Board members wish to participate, please contact Lori Paulette.

The Board will also be taking up on a future agenda a possible cap on total funds granted through the PEDPIP Grant Program.

Ms. Hill-Christian asked if loans to landlords for life safety upgrades for residential buildings are an allowable use of loan funds. Consensus of the Board was this could be a topic of a future Board meeting, as PDC's loans have been for commercial uses only.

There being no further business to come before the Board, the meeting adjourned at approximately 6:25 p.m.

Respectfully,

Lori Paulette

Minutes
Portland Development Corporation
October 16, 2014

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, October 16, 2014 at 4:00 p.m. in Room 209 on the second floor of Portland City Hall. Present from the Board was its President Jack Lufkin and Directors Mayor Michael Brennan, Sheila Hill-Christian, Jesse Knox, Jere Shaw, Barry Sheff, and Drew Swenson. Board Directors Neil Kiely, Dennis Martin, and Jennifer Sporzynski could not be present. Present from the City staff were Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. PDC loan underwriting consultant Vin DiCara was brought in for the executive session via teleconference.

Item #1: President's Comments

President Lufkin welcomed Acting City Manager Sheila Hill-Christian to her first PDC Board meeting; introductions were then made.

President Lufkin then said that staff is requesting a committee be formed for one meeting to review and react to suggested amendments to the BAP Guidelines before full Board review. Directors Sheff and Swenson volunteered.

Item #2: Annual Meeting of Board

(a) Election of Officers – President, Treasurer, Secretary

President Lufkin nominated Barry Sheff, President; Drew Swenson, Treasurer; and Jere Shaw, Secretary. There being no further nominations, a motion was then made, seconded, and passed unanimously to accept the slate as presented.

President Sheff then assumed chairing the meeting and thanked Mr. Lufkin for his leadership in serving as the Board President for the past two years.

Mr. Mitchell noted that the City Council, at its October 20 meeting, will be reappointing Directors Neil Kiely, Jere Shaw, Barry Sheff, and Drew Swenson for an additional three-year term. The City Clerk's office has apprised him that Directors Lufkin and Sporzynski, though termed out for serving two consecutive three-year terms, can remain on the Board until their seats are filled. Mr. Mitchell said that both have agreed to do so. In addition, there is another vacancy on the Board to be filled. The City Clerk anticipates advertising for these three Board positions in December this year and encouraged Directors to recruit potential Directors to apply.

Item 2(b) of Annual Meeting of Board: Accepting Annual Report for FYE14.

President Sheff commented that the PDC Board invested over $1 Million in loans and grants during FY14, with a limited staff of three, and complemented staff and Board on this milestone.

On motion then made and seconded, the Board voted unanimously to accept the Annual Report for FYE14.

Item 2(c) of Annual Meeting of Board: Setting Date for Annual Meeting of Corporator as November 3, 2014.

On motion made and seconded, the Board voted unanimously to set the date for the Annual Meeting of the Corporator (the City Council) as November 3, 2014, noting that the FYE14 Annual Report would be presented to the City Council by President Sheff.

Item 2(d) of Annual Meeting of Board: Any other business that may come before the Board.

President Sheff, noting no further comments/questions to come before the Board, closed the Annual Meeting of the Board.

Item #3: Review and accept Minutes of previous meeting held on August 21, 2014.

On motion made and seconded, the Board voted 6-0-1 (Hill-Christian abstained) to accept the Minutes as published.

<u>Item #4: Review and recommendation on new grant requests for job creation. 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 the following requests:</u>

a) **<u>Damiak's Bakery Business Assistance Grant Request – One Monument Way</u>**
b) **<u>Quince and Co. Business Assistance Grant Request – 142 High Street</u>**

Mr. Swenson noted that he has a conflict of interest as his company manages the building in which Damiak's Bakery is a tenant, so he will not be participating and voting on this item.

Ms. Hanig introduced the Damiak's Bakery grant request noting that it opened August 2014 and its owner, Andrea Swanson, immediately hired two full-time workers. Ms. Hanig reminded the Board of its recent loan to Damiak's, and it was during the due diligence that staff encouraged her to apply for a BAP grant for additional employees. Ms. Hanig noted that Damiak's now needs to hire a third, and applied for a BAP grant for job creation for $10,000 for this third employee. She then introduced Andrea Swanson.

Ms. Swanson said that the bakery has been extremely busy and going well. She needs extra help in the front end, particularly in the afternoon, as well as in the kitchen for smaller things, which will be taught to the new employee, including baking. In response to skills training from Mr. Lufkin, Ms. Swanson said that the cashier is also taught a lot about the products to answer clients' questions and about preparing basic doughs for baking.

Mr. Lufkin about benefits, and Ms. Swanson said that this time she is not able to offer benefits but hopes to at some future point.

President Sheff, noting no further comments, indicated that after hearing from the next applicant, the Board would then go into executive session to discuss proprietary information from both BAP requests. Each applicant is welcome to wait outside or Nelle Hanig will be in touch with them.

Mr. Lufkin noted that he had a conflict of interest in that his employer has a business relationship with the applicant, and, therefore, would not be participating/voting on this request.

Ms. Hanig then introduced the BAP request from Quince and Co. saying that this business is a hand-knitting yarn company that works with spinning mills to create yarns sourced and/or spun in the United States. It is seeking a $10,000 BAP grant for a full-time job as Art Director/Communications Manager to expand its online content and dialogue with its customers, and take advantage of additional social marketing opportunities. The company now employs 8, 6 full-time, 2 part-time. Quince & Co. started in 2010 as an online retail operation selling a line of classic yarns that it designed and created. It has since expanded into the wholesaling business, selling to yarn shops around the world. The company also designs and sells a line of modern knitwear patterns for sweaters and accessories. Ms. Hanig then introduced Pam Allen, owner, and her son and co-owner Ryan Fitzgerald.

Ms. Allen said that Quince is not a retail store, but rather sells online to knitters and shops all over the world, with a few flagship stores as well. This method of business is working well for them. Quince's patterns are the major marketing tool, and a new position to help with social media will help with that marketing effort.

(Mayor Brennan had to the leave at this time, but returned as noted in the Minutes.)

Mr. Knox asked about their supply, and Ms. Allen said that can be a struggle, and Mr. Fitzgerald indicated that they have experienced a 150% growth in their wholesale business, and 20% growth in the retail portion. They take precautions to fill orders as they can based on supply of yarn. Ms. Allen added that the source of all their fiber is from the U.S., noting that sources include two mills in Maine.

Ms. Hill-Christin asked about additional items they may be adding to their line, and Ms. Allen said that they are about to add totes.

Mr. Shaw asked if the employee for the BAP would be entry level or higher skilled, and Ms. Allen said that they want someone who is skilled, offering a salary range of $40,000 to $50,000.

President Sheff, noting no further questions/comments, thanked both BAP applicants and said that the Board would now go into executive session.

On motion made and seconded, the Board then voted unanimously at approximately 4:37 p.m. 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 proprietary information for the above two BAP requests. At approximately 4:50 p.m., the Board came out of executive session.

On motion made and seconded, the Board voted 5-0-1 (Swenson abstained) to approve the BAP request for Damiak's Bakery as recommended by staff.

On motion made and seconded, the Board voted 5-0-1 (Lufkin abstained) to approve the BAP request for Quince & Co. as recommended by staff.

Item #5: Review and Recommendation to City Council of Removal of PEDPIP Fund Cap and Approving PDC Board Authority to Utilize its Unrestricted Fund for the PEDPIP.

Ms. Hanig said that the City Council, in October 2011, approved of the PEDPIP grant program up to a cap of $250,000. If the PDC Board wants to go beyond that cap, this needs to go the City Council for authorization to remove the cap, as well as authorization to utilize its Unrestricted Fund for future PEDPIP grants.

Mr. Mitchell said that the Grant Program was to spur action for the recently adopted Economic Development Vision Plan and its associated Work Plan. It is not a surprise the Grant funds went fast. From this point forward, it is being recommended that the PDC award PEDPIP Grant Funds at its discretion from the Unrestricted Fund.

Mr. Shaw asked if there is a recommended goal to not exceed a certain amount of PEDPIP grant funding. Mr. Mitchell indicated that this would be up to the Board, noting that this could be an item for discussion at a future meeting - to discuss any parameters the Board may wish to create.

(Mayor Brennan rejoined the meeting at this time.)

Mr. Knox said that the PDC/City has made investments in Portland via these grants and is supportive of the request.

Mr. Mitchell said that staff is recommending the PDC Board forward this to the City Council to lift the cap and to authorize use of the PDC Unrestricted Fund for PEDPIP Grants. Following that, the Board could have a policy discussion on use of funds for this grant program.

President Sheff asked if the PDC Board's policy would need to go to Council, and Mr. Mitchell indicated that it would not. The Board has discretion in use of funds in the loan/grant programs.

A motion was then made and seconded to forward this to the City Council with a recommendation that it be approved as recommended by staff. Mr. Lufkin suggested that at the Council meeting, the leveraged dollars through this program be highlighted. Mr. Shaw also noted that the Board will be discussing policy/parameters/guidelines so not to delete its loan pool funds. A vote was then taken on the motion and it passed unanimously.

<u>**Item #6: Review and recommendation regarding new PEDPIP Grant Applications:**</u>

A. **<u>Application from the City of Portland for the USM Maine Center for Business and Economic Research (MCBER) Project in the amount of $19,360 for the following projects by USM MCBER:</u>**
   - **<u>City of Portland Port and Trade Development Industry Sector Research;</u>**
   - **<u>Evaluation of the City of Portland Economic Vision and Plan; and</u>**
   - **<u>Portland Economic Scorecard Future Updates and Improvements.</u>**

B. **<u>Application from the Portland Chamber of Commerce for Scorecard Project in the amount of up to $9,459.50.</u>**

President Sheff suggested that the Board take up Item 6(B) first, noting Chamber President Chris Hall in attendance; the Board concurred.

Mr. Mitchell said that this PEDPIP Application from the Chamber is to split the costs for the recently published Scorecard. This is the fourth year of the Scorecard, which is the work of various partnering organizations. The Scorecard has benchmarks for the ED Plan and it improves each year, particularly with this latest edition. Staff feels comfortable this PEDPIP grant is warranted based on enhancements made this year.

Mr. Lufkin said that he has been a part of the Scorecard production since its inception. It is a collaborative approach with partnering organizations. This year, the metrics have been refined – adding some and dropping others. Mr. Lufkin said that although he has not been an advocate of ongoing PEDPIP grants for one project, this year's Scorecard had enough "new" elements in it so he can support the application. In future years, he would suggest the partnering organizations assist with funding. The Chamber funds the major portion of the Scorecard production. The Scorecard is an important metric component for the ED Plan.

Mr. Hall agreed, noting that the collaborative efforts are breaking down silos between the various organizations, which will break ground on creating jobs and prosperity for the area. The Scorecard is about relationships and identifies what is happening here. He thanked the Board for its support in the past and looked forward to continuing the effort.

Mayor Brennan said that he appreciates the Scorecard and it is important to examine the metrics it contains for Portland, the region, state, and nationally.   It is, however, a bit confusing to read and perhaps there is too much data.

Mr. Hall appreciated the comments and would like to talk with the Mayor about this, agreeing that clarity is needed. This lays the groundwork and refining it will be a goal.

President Sheff asked if this grant is to fund the Scorecard that has just come out, and Mr. Lufkin indicated that it was and to assist with printing costs. He also noted that this application should have been brought to the Board two months ago.

Ms. Hill-Christian asked if there was a limitation on how many years a project can receive grant funds. Mr. Lufkin said there is no limitation, but his own bias is to provide seed funds for a project and then it takes off on its own merits, including self-funding.

Mr. Swenson agreed for the PEDPIP grants to help to create self-perpetuating/ funding projects.

Mr. Lufkin said that the next Scorecard may be more regionally focused.

A motion was then made and seconded to approve the application for PEDPIP Grant Funds from the Chamber as recommended by staff. A vote was then taken on the motion and it passed unanimously.

Item 6(a) – PEDPIP Grant Request from the City of Portland

Mr. Mitchell said that the PEDPIP Grant would support a partnership with the Chamber and the USM Maine Center for Business and Economic Research (MCBER) for the portion of the ED Work Plan for industry research; evaluation of the ED Plan; and Scorecard future updates and improvements.

Mr. Hall agreed, MCBER has a substantial body of knowledge in economics and various issues which can only help future editions of the Scorecard.

Mayor Brennan brought up Eimskip and containers going back to Iceland empty. There needs to be an effort to fill these containers. He noted that Eimskip President had suggested to him exporting used cars, 3 to 5 years of age, to Iceland, as the average age of cars in Iceland is 13 years old.

Mr. Swenson suggested talking with Imad Khalidi of Auto Europe.

Mayor Brennan also noted that Iceland also talked about wanting a major grocery chain to open there.

Mr. Hall and Mr. Mitchell so noted these suggestions.

On motion then made and seconded, the Board voted unanimously to approve the PEDPIP Application from the City of Portland as recommended by staff.

Item #7: Communication: Business Organizations' Chart with their associated areas of expertise.

Mr. Knox suggested that counselors from these various organizations be interviewed to know what their counseling strengths are, i.e., financing, marketing, retail, restaurants, service, etc. This may help in directing clients.

President Sheff noted, for newcomer Ms. Hill-Christian, that this Board sometimes makes a recommendation to a loan client that it confer with a business counselor to assist in various elements of running a business.

Ms. Hanig said that the Board recently had a condition placed on the loan to Damiak's Bakery that it find a business counselor prior to loan closing, and Damiak's is now working with the SBDC.

Ms. Hill-Christian asked about assessing the quality of these business counselors, and Mr. Knox said that this could be a long discussion. Usually, however, it is a bad match versus assessing. This could be a good project by a third party to survey counselors and their clients.

President Sheff, noting no further comments/questions, thanked staff for this communication.

Item #8: Treasurer's Report – September 2014

Ms. Paulette gave a brief summary of the Report, noting that the administrative budget is trending under budget, which is the norm; the Schedule of Loan Receivable shows 29 loans and $2.27 Million in total funds lent, and a corresponding total outstanding principal balance of those 29 loans at $1.99 Million. There is one update to the Delinquency Report in that Studio Management made an additional payment, so is now 2 months past due versus 3 on the Report. It was noted that the Board will be going into executive session for loan monitoring for the two loans to Eastman Industries. Regarding the Cash Management Report, Ms. Paulette summarized it by saying the PDC has a total of approximately $1.5 Million in available loan and grant funds.

On motion made and seconded, the Board then voted unanimously at approximately 5:35 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to discuss proprietary information/loan monitoring for the two loans to Eastman Industries. At approximately 5:55 p.m., the Board came out of executive session.

On motion made and seconded, the Board voted unanimously to approve a 7-month deferral for loan payments as recommended by staff upon the condition that staff receives current financials and projections for the next 12 months, and MRDA also approves a matching deferral.

On motion made and seconded, the Board voted unanimously to accept the Treasurer's Report as presented, and the meeting then adjourned at approximately 6:00 p.m.

Respectfully, Lori Paulette

Minutes
Portland Development Corporation
December 18, 2014

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, December 18, 2014 at 4:00 p.m. in Room 209 on the second floor of Portland City Hall. Present from the Board was its President Barry Sheff (arriving shortly after meeting began)Directors Mayor Michael Brennan, Sheila Hill-Christian, Jess Knox, Jack Lufkin, Chip Martin, and Jennifer Sporzynski. Board Directors Neil Kiely, Jere Shaw, and Drew Swenson could not be present. Present from the City staff were Associate Corporation Counsel Michael Goldman, Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. PDC loan underwriting consultant Vin DiCara was also in attendance.

Item #1: President's Comments

Mr. Lufkin noted that President Sheff should be arriving momentarily. In the meantime, due to the lengthy agenda, he suggested that the Board take up items listed in Item 3 first, hearing public comments from all applicants. The Board would then go into executive session to review all items, and come out and vote in public session. This is due to the fact that Board will lose its quorum at approximately 5:15 p.m. The Board concurred.

Item #3: Review and recommendation on new PEDPIP grant requests; new loan requests; Business Assistance Program for Job Creation grant request; and, Development Action Grant Request for public infrastructure. 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 the following requests:

A. **PEDPIP Request from Creative Portland for Work in Place Summit/Planning Grant**
B. **PEDPIP Request from Creative Portland to Apply for Portland designation as first American City to be part of the UNESCO**

Creative Cities Network in the field of gastronomy.

C. **Loan request from SB and LC Properties, LLC at 314 Warren Ave.**
D. **Loan request from Portland Dry Cleaners at 28 Allen Ave.**
E. **Loan request from Maine & Loire, LLC**
F. **BAP Grant request from H.O.M.E. at 25 Temple St.**
G. **DAG request from H.O.M.E. and MHR Management LLC**

PEDPIP Request from Creative Portland for Work in Place Summit/Planning Grant

PEDPIP Request from Creative Portland to Apply for Portland designation as first American City to be part of the UNESCO

Jennifer Hutchins, Executive Director of Creative Portland (CP), described the two projects for the PEDPIP grant requests.

Ms. Hutchins' highlights for "Work in Place Summit/Planning Grant" include a study to understand people who are remote workers, working from Portland but employed by companies outside of Maine, known as "exporting services". Data is lacking for this segment of employees, and if we know more about them, the City could leverage and support them better and support out-of-state companies with our employees. The Summit would be planned for early 2016. CP is requesting a $5,000 planning grant which will be matched by CP, noting that MDECD is supporting this as well with $5,000 to assist in hiring an independent contractor to organize and fundraise for the Summit over first half of 2015.

Ms. Hutchins' highlights for the CP PEDPIP grant request to Apply for Portland designation as first American City to be part of the UNESCO Creative Cities Network in the field of gastronomy include that this is in conjunction with Mayor Brennan's Initiative for Healthy Sustainable Food Systems. UNESCO has a creative cities network that would bring international recognition in cultural tourism to Portland if it had this designation. With this designation, Portland would be identified as a participant in the food system from farm to table and highlighting Portland's strong traditional, culinary gastronomy industry.

Mayor Brennan added that the Summit would provide recommendations to pursue strategies to further healthy sustainable food systems.

Ms. Hutchins agreed, noting that Portland/CP needs more specifics on what Portland has compared with other cities internationally, and the Project Manager to be hired will prepare that report. There is no municipality or government looking at this issue. Regarding match for the $10,000 grant request for this, Ms. Hutchins said that CP would target the restaurant industry for funding assistance, noting that CP already has commitments from private individuals.

Mr. Lufkin asked about results for Portland from this, and Ms. Hutchins said that if Portland were designated, it would be only the 4th American city on the list and bring recognition and attention to Portland and its farm to table culinary industry. The deadline to apply is early March.

Loan request from SB and LC Properties, LLC at 314 Warren Ave.

Ms. Hanig introduced this loan noting that it is a $101,200 request to assist with the purchase of 314 Warren Avenue. She then introduced Skip Baker of SB and LC Properties.

Mr. Baker thanked the Board and summarized saying that he has been at this location since 2001 and wants to grow the Sunmasters' commercial/residential window treatments.

Mr. Martin asked why he wants to purchase the property, and Mr. Baker said to secure it versus leasing it. There is room to expand Sunmasters by 35%.

Ms. Sporzynski asked if the appraisal came in at value, and Bob Nadeau from Bangor Savings indicated that it did.

Loan request from Portland Dry Cleaners at 28 Allen Ave.

Ms. Hanig said that Mr. Cho purchased Portland Dry Cleaners in 2007 and is now seeking to purchase 28 Allen Avenue, the property that houses this business. As part of due diligence in this purchase process with SBA 504 financing, soil contamination with lead and petroleum was found on the site, though lead and petroleum are not used in the dry cleaning process. Mr. Cho is being required to clean up the site prior to receiving financing, and, therefore, is requesting up to $50,000 from the PDC to assist. This project is not eligible for funding from the PDC Brownfields loan program. She then introduced Mr. Cho.

Mr. Cho thanked Ms. Hanig and noted that he has been in the dry cleaning business for 27 years and looks forward to owning the property and continuing the business.

Mr. Martin asked about employment levels, and Mr. Cho indicated he had 5 employees.

Loan request from Maine & Loire, LLC

Ms. Hanig said that Maine & Loire is a startup retail wine shop to be located at 75 Washington Avenue. The loan request is for $45,000 to be used for inventory, leasehold improvements, machinery and equipment, and working capital. She then introduced owners Peter and Orenda Hale.

Mr. Hale said that they both have experience in the service business, and this wine shop will have those wines not available in retail stores. Tying into the gastronomy item, these wines cannot be found in the state and are crafted from farm to table. Mr. Hale said that they will talk with the customers to enlighten them on wines with food. The shop will also have craft beers and chocolate.

Mr. Knox asked about the market for this and if they had any advisors. Mr. Hale said that Portland is the right size for this kind of shop. Their numbers come from market research and modeling. Regarding advisors, he noted that it was he and his wife. Mr. Knox encouraged him to reach out to others who started in this fashion, i.e., Coffee By Design for one.

BAP Grant request from H.O.M.E. at 25 Temple St.

DAG request from H.O.M.E. and MHR Management LLC

Ms. Hanig said that Portland House of Music and Events (HOME) is a new live music venue planning to open in late winter/early spring at 25 Temple Street. The BAP request is for $20,000 to support HOME creating 5-10 new jobs. The DAG request is for $10,650 to run a new water line from the main for a sprinkler system required by the Fire Department. The cost of the work in the public right-of-way will be $21,300, so the grant request for 50% of that cost, or $10,650. She then introduced HOME owner Ken Bell.

Mr. Bell said that he has experience running music venues and restaurants, with the most recent seven years owning and managing The Big Easy, noting that it is now closed due to failed lease negotiations. This location at 25 Temple street is larger with more parking availability. There is a lot of support for music here, local bands and national as well.

Mr. Lufkin noted that he has met Ken Bell, and that Gorham Savings Bank was not providing financing. However, he said that he will not participate in the discussion/vote.

President Sheff thanked everyone, noting the Board would now go into executive session. The public can wait outside and come back, or Ms. Hanig would get in touch with them for the outcome of the voting, which will be done when the executive session is over - in public session.

At approximately 4:50 p.m., the Board went into executive session for Items 3(C) through (G) pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to review proprietary information for the requests. At approximately 5:17 p.m., the Board came out of executive session.

On motion made and seconded, the Board unanimously approved the two PEDPIP grant requests to CP as recommended by staff.

On motion made and seconded, the Board 5-2 (Hill-Christian, Martin) to approve the loan to SB & LC on terms as recommended by staff, with an additional loan covenant which requires that during the term of the PDC loan, if the owners convey their ownership interests in the Sunmasters business, that the PDC has the right to call the note.

On motion made and seconded, the Board voted 6-1 (Lufkin) to approve the loan request from Maine & Loire on terms recommended by staff, with an additional term for Maine & Loire to work with the SBDC, as well as suggesting that it expand its network to learn from other like entrepreneurs .

On motion made and seconded, the Board voted 6-0-1 (Martin abstained) to approve the loan request from Portland Dry Cleaners on terms recommended by staff, with an additional condition that the PDC get a verbal understanding that the 504 program is okay for funding a dry cleaner, and to amend the loan amount to $50,000, with a note to bring this back to the Board if 504 is not confirmed for funding a dry cleaner.

On motion made and seconded, the Board voted 6-0-1 (Lufkin abstained) to approve the BAP request to HOME as presented by staff.

On motion made and seconded, the Board voted 5-1 (Sheff) -1 (Lufkin abstained) to approve the DAG request to HOME as presented by staff.

Due to the loss of the quorum, the meeting was then adjourned at approximately 5:20 p.m.

Respectfully, Lori Paulette

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

TO: President Sheff and PDC Board Members

FROM: Greg Mitchell, Economic Development Director
Nelle Hanig, Business Development Representative

DATE: March 23, 2015

RE: PDC Role in Facilitation of a Housing Economic Development Project

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Introduction

This matter is being presented to the PDC Board, at your March 27th meeting, to determine if there is PDC Board interest to take ownership of a vacant contaminated city owned property during site cleanup using available federal grant clean up funds, at no cost to the PDC, to ultimately sell the property to support construction of a new private housing development.

The PDC By-laws under Article II, Section 2.1 General Purposes, state "The Corporation is organized and shall be operated on a non-profit basis to receive donations and contributions in support of the City of Portland economic development efforts than enhance and create business and employment opportunities." Specifically, item E. under this section enables the PDC to "Acquire, hold, own, manage, dispose or liquidate property, upon City Council approval, for the purpose of advancing economic development and promoting employment opportunities in the City of Portland."

Historically, the PDC has taken ownership of commercial property (located in Bayside) and industrial property (located on Riverside Street) to support economic development projects. However, to date, the PDC has not been involved with housing projects (rental or ownership). The Economic Development Department staff considers housing to be economic development and notes the increasing importance of new, on Peninsula, housing to support business workforce expansion.

Housing Project Description

The City of Portland owns 65 Munjoy Hill, the remaining vacant site (6,771 square feet) on the property formerly occupied by the Adams School. A request for proposal process resulted in one developer (Adam's Apple, LLC) selected to sell the property to construct an 8-unit affordable condominium housing project. This project is consistent with the City's original vision for affordable housing in the neighborhood and on the former Adam's School property.

A complicating factor in making this affordable housing project financially feasible is that the property is contaminated. It is estimated that remediation will cost $98,000 - $150,000. A potential source of funds to cover this cost is a federal Brownfields Cleanup grant from the Greater Portland Council of Governments (GPCOG). However, a grant would only be available to a non-profit or public entity that owned the site.

Potential PDC Role

While the developer clearly isn't eligible for a grant (as a for-profit entity), neither is the City because it didn't do a Phase I Environmental Assessment before it originally acquired the property long ago. As a non-profit, the Portland Development Corporation (PDC) would be eligible for the Brownfields cleanup grant as long as it owned the site during environmental cleanup. This could be achieved by the City transferring the property to the PDC for the period of the remediation. Once remediated, then the PDC could sell the property to the Project developer for the City's negotiated price. There would be no cost to the PDC for its role in this project.

PDC Policy Discussion

This economic development Project is solely about housing. To date, staff is not aware of the PDC being involved in housing projects without there being some commercial component (e.g., retail, industrial or office uses). While involvement in this Project would broaden the PDC's focus, facilitating new housing development is economic development and staff feels is consistent with the PDC's by-laws.

Recommendations

Staff has two recommendations to the PDC Board. The first is that the PDC agree to become involved in facilitating the 65 Munjoy Hill housing Project should the Environmental Protection Agency (EPA) deem the Project to be eligible for GPCOG's Brownfields funding. The second recommendation is that the PDC recommend to the City Council, as the incorporator of the PDC, that it transfer 65 Munjoy Hill to the PDC for the purpose of accessing a GPCOG Brownfields grant to remediate the environmental contamination on the property, prior to selling it to Adam's Apple LLC.

3.0 Existing Site Conditions

3.1 The Site

The 6,800 sq. foot site is topographically flat. Approximately 80 feet wide and 85 feet deep, the site is 0.15 acres in size. It is bounded on its northeast by a new city green open space and a playground on Wilson Street.

Portland Development Corporation
Operating Report FY15
For Month Ending
2/28/2015

Operating transfer from EDF	**28,522**

Total Funds Available	**28,522**

FY15 Expenditures	Budget	Current Month	Year to Date	Percent of Budget	Balance
Administrative Services	575		199	34.6%	376
Postage	300		12	4.0%	288
Travel, Training, Meetings	3,900		3,383	86.7%	517
Contractual services	10,500		4,890	46.6%	5,610
Operating Transfer to Fin.	9,647		9,647	100.0%	0
Advertising	2,000		380	19.0%	1,620
Auto Expense Reimb.	100		0	0.0%	100
Printing & Binding	650		476	73.2%	174
Office Supplies	850	102	512	60.2%	338
Total FY15 Expenditures	**28,522**	**102**	**19,499**	**68.4%**	**9,023**

Expenditures:

Office Supplies	Various.

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending February 28, 2015

Cust #	Ln #	Account No. & Name	Date of Loan	Maturity Date	----Committed/Disbursed Funds----- Original Loan	Not Yet Disb.	Total Disb .	Outstanding Princ. Bal.
		Portland Business Fund 271 (UDAG/Unrestricted):						
		Nova Star Cruises Limited	3/20/2014	5/1/2020	225,000	105,137	119,863	121,670
		Sub-Total PBF (UDAG)						**121,670**
		Portland Business Fund 272 (Restricted - CIP):						
4500	1127	Tomaks, LLC	3/27/2008	3/27/2016	75,000	0	75,000	61,807
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	29,208
3826	1007	Kennebec St. Properties	04/25/06	10/1/2018	67,500	0	67,500	40,404
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	130,000	0	130,000	125,524
		Sub-Total PBF (Bonds/CIP Restricted)						**270,637**
		Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
5708	1438	Veranda Asian Market LLC	4/19/2012	4/1/2017	50,000	0	50,000	27,579
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	0	12,500	6,906
6113	1379	EcoHome Studio, LLC	4/11/2013	4/1/2018	15,000	0	15,000	9,902
6120	1380	Portland Trading Co. LLC	4/26/2013	8/1/2018	15,000	0	15,000	14,044
6133	1381	Maine Bio-Fuels, Inc.	5/24/2013	6/1/2018	25,000	0	25,000	17,342
6180	1382	Undefeated Enterprises, Inc.	6/27/2013	7/1/2018	25,000	0	25,000	22,130
6302	1411	Pachanga, LLC	11/6/2013	1/1/2016	14,000	0	14,000	9,597
6501	1435	Sur Lie Wine Bar, LLC	5/2/2014	9/1/2021	37,335	0	37,335	35,495
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	25,000	0	25,000	23,529
		Sub-Total Micro Capital Fund						**166,524**
		Portland Business Fund Fund 274 (CIP/Unrestricted):						
6597	1458	Back Cove School	8/29/2014	9/1/2019	55,000	0	55,000	52,458
		Sub-Total PBF (Bonds/CIP Unrestricted)						**52,458**
		Creative Economy Fund 271 (UDAG/Unrestricted):						
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	0	26,000	12,456
		Sub-Total Creative Economy Fund						**12,456**
		FAME Fund 277:						
3763	956	Eastman Industries	4/19/2012	4/6/2017	34,800	0	34,800	29,208
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	0	61,000	55,534
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	83,333	0	83,333	78,722
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	132,954	0	132,954	130,375
6531	1450	North Atlantic, Inc.	6/23/2014	1/1/2020	75,000	0	75,000	54,972
6692	1475	Maine & Loire LLC	12/30/2014	1/1/2020	45,000	0	45,000	44,374
		Sub-Total FAME Fund						**393,184**
		FAME SSBCI 279:						
5836	1340	251 Woodford Street LLC	8/31/2012	9/1/2017	165,000	0	165,000	152,609
5939	1356	Apothecary By Design LLC	11/8/2012	11/1/2017	200,000	0	200,000	156,556
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	0	165,000	9,159
6199	1390	Inn at Diamond Cove LLC	7/10/2013	7/1/2018	200,000	0	200,000	185,523
		Sub-Total FAME SSBCI						**503,847**
		Real Estate Investment Fund 271(UDAG/Unrestricted):						
6104	1378	McCuda, LLC	4/19/2013	4/1/2018	200,000	0	200,000	187,870
		Sub-Total RE Invest						**187,870**
		Brownfields Loan Fund 278						
6555	1457	Forefront Partners, LP	7/30/2014	2/1/2020	200,000	0	200,000	199,944
		Sub-Total Brownfields						**199,944**
		Grand Total Loans				**105,137**	**2,304,585**	**1,908,589**
		Allowance for uncollectable loans at 15%						286,288
		Total with Allowance for uncollectable loans:						**1,622,301**

CITY OF PORTLAND, MAINE
PORTLAND DEVELOPMENT CORPORATION
DELINQUENCY REPORT
MONTH ENDING FEBRUARY 28, 2015

Loan	Payment Past Due	# of Payments	# of Days Past Due*	Outstanding Principal Balance	# of Times Past Due In Last 12 Reports (excluding present mo.)
Back Bay Skate	$239	1	24	$6,906	8
The Back Cove School	$790	1	23	$51,777	0
Eco Home Studios	$283	1	23	$9,902	1
Damiak's Cakes	$478	1	26	$23,529	2
Maine Bio-Fuel, Inc.	$476	1	26	$16,888	0
Museum of African Culture	$1,416	13	393	$13,693	12
North Atlantic	$814	1	28	$54,972	0
Portland Trading Co.	$2,899	10	304	$14,259	12
Studio Management Corp.	$987	2	59	$12,456	12
TOMAKS, LLC	$559	1	19	$61,807	4
Undefeated Enterprises	$3,343	7	211	$22,130	9
Veranda Asian Market	$955	1	23	$27,579	12
TOTALS:	**$13,238**			**$315,898**	

*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.

Portland Development Corporation
Cash Management Report
For Month Ending February 28, 2015

	CIP 272 Restricted	CIP 274 Unrestricted	UDAG 271 (Unrestricted) Loans/PDAP	UDAG 271 (Unrestricted) PEDP Bal	FAME 277	FAME SSBCI 279	Brown-field 278 (PET)	TOTAL	Year-to-Date Principal/Interest CIP Restricted	Year-to-Date Principal/Interest CIP Unrestricted	Year-to-Date Principal/Interest UDAG Unrestricted	Year-to-Date Principal/Interest FAME	Year-to-Date Principal/Interest SSBCI	Year-to-Date Principal/Interest Brnfld	Business Assistance Grant Prgrm for Job Creation-FY12**	Business Assistance Grant Prgrm for Job Creation-FY14
Beginning Cash Bal. Feb. 1, 2015	**114,496**	**225,099**	**774,938**	**250,000**	**171,162**	**203,709**	**301,684**	**2,041,088**							100,000	100,000
Plus:																
Principal payments received	2,038	433	5,228		3,302	6,534	8		17,579	22,569	36,013	10,265	40,834	56		
Interest payments received	877	367	1,981		394	2,137	575		8,392	1,446	15,462	7,141	22,013	4,046		
Interest Income						103							378			
Other Income/Adjustments		128,166			(53,166)											
Pass Through From FAME SSCBI																
Sub-Total Cash Available	**117,410**	**354,065**	**782,147**	**250,000**	**121,692**	**212,483**	**302,267**	**2,140,064**	**25,970**	**24,015**	**51,475**	**17,406**	**63,225**			
Less:																
FAME Annual Admin. Fee: Invoices								-								
Disbursements - Loans/PDAP Grants			(1,650)													
PEDPIP Grant Committed				(250,000)												
Sub-Total Cash Available 12/31/2014:	**117,410**	**354,065**	**780,497**	**-**	**121,692**	**212,483**	**302,267**	**1,888,414**								
Less Reserves for:																
Beautification Program (EC0301)			(72,000)													
Ptld ED Plan imple. Fund (EC1201)			(78,311)													
Portland Dev. Action Grant (EC0302)			(100,114)													
Transfers not yet recorded (UDAG int)			(15,462)													
Grants/Loans Approved															-80,000	-72,281
Annual Admin Payment to FAME																
Used for Administration															-14,375	
Total Ending Loan/Grant Cash Bal.	**117,410**	**354,065**	**514,610**	**-**	**121,692**	**212,483**	**302,267**	**1,622,528**							**5,625**	**27,719**

Commitments:	
Nova Star Cruises/Loan	105,137
SB & LC Properties, LLC/SSBCI	101,200
Rain Management, LLC (Soakology)	60,000
Portland Dry Cleaners	50,000
Balances:	**316,337**