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

PORTLAND DEVELOPMENT CORPORATION

Board Meeting

DATE: Thursday, February 18, 2016
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 January 21, 2016.

3. Review and vote on loan applications from:
   a) BayCycle, LLC on Portland's Waterfront; and,
   b) City Yoga at 511 Congress Street

   Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to review proprietary information.

4. Review and vote to recommend to City Council amendments to Portland Economic Development Plan Implementation Program guidelines.

5. Treasurer's Report – January 2016 – 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 to discuss/monitor any of the loans listed on the delinquency report.)

6. Communication: PDC Marketing Memo

7. Other items to be discussed/brought up by Board Directors.

8. Next Meeting Date: March 17, 2016.

Barry Sheff, Board President

Minutes

Portland Development Corporation

January 21, 2016

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, January 21, 2016 at 4:00 p.m. in Room 209 of Portland City Hall. Present from the Board was its President Barry Sheff and Directors Tim Agnew, Shelley Carvel, Chip Martin, Heather Sanborn, Mayor Ethan Strimling (arriving as noted herein), and Drew Swenson. Directors not able to attend: Jon Jennings, Neil Kiely, Jess Knox, and Jere Shaw. 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. Loan underwriter consultant Vin DiCara was brought in via conference call during the executive session for Item #3.

Item #1: President's Comments

President Sheff noted that the Board had a hard stop today at 5:15 due to another meeting coming in at 5:30.

The President also updated the Board that the Farm to Sea meeting with institutional buyers and food producers originally scheduled for January 27 here in the State of Maine Room has been postponed to February 25 at 2:00 p.m.

The Issues Committee has a meeting scheduled for January 27, at 3:30 in the Economic Development Department regarding PEDPIP guidelines. All are welcome.

Item #2: Review and accept Minutes of previous meeting held on December 17, 2015.

On motion made and seconded, the Board voted unanimously to accept the Minutes as presented.

Item #3: Review and vote on loan application from Auto Care, LLC at 1041 Ocean Avenue

a) Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A, the Board may go into executive session to review proprietary information.

Ms. Hanig introduced this loan request noting that Auto Care has been leasing space for three years at 1041 Ocean Avenue. Joseph Hatungimana, owner, and his wife Denise, are present today. Mr. Hatungimana just purchased the property, which includes the garage where he runs the business and a residence. PDC loan funds will assist with purchasing the shop’s tools (already there) and machinery (owned by the former property and business owner) and renovating the garage. Ms. Hanig noted that Mr. Hatungimana has been an auto mechanic for 18 years, mainly in Burundi, his native country, and the last 3 years in Portland.

Mr. Hatungimana thanked the Board for their review of his loan application. He and his wife and two children have been in America for five years now. As Ms. Hanig noted, he has been in business for 18 years, opening in 1997. In Portland, he opened January 2013. His business clients come from the local area, as well as word of mouth. The landlord wanted to close, which led to his purchasing the property. Mr. Hatungimana described the property, noting that he can have 7 cars in the garage at one time, as well as the equipment being used. He is now requesting PDC loan funds as Ms. Hanig described.

(Mayor Strimling joined the meeting at this time.)

Ms. Carvel asked about the status of the IRS Lien, and Mr. Hatungimana indicated that he is making regular payments and expects to have this paid in full in 6 to 7 months.

Ms. Sanborn asked about employees, and Mr. Hatungimana indicated that he expects to be hiring an additional mechanic when the time is right, and more when needed. Ms. Hanig added that she discussed a BAP Grant with Mr. Hatungimana so the Board may see this request in the future.

Mr. Swenson asked about who prepares his IRS returns and finances, and Mr. Hatungimana indicated that he has a financial person for this.

Ms. Carvel asked who employs Mrs. Hatungimana, and she indicated that she works for the State of Maine.

President Sheff, noting no further questions/comments, advised Mr. and Mrs. Hatungimana that the Board would be going into executive session to review proprietary information, at which time the public needs to leave the room. They can either come back after the executive session is over or Ms. Hanig will be in touch concerning the Board's vote on the loan. Mr. and Mrs. Hatungimana noted that they needed to leave and will wait to hear from Ms. Hanig.

On motion made and seconded, the Board voted to go into executive session at approximately 4:30 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to:

1. Review proprietary information of the loan request of Auto Care LLC;
2. Discuss Item #4 on the agenda regarding review of loan settlement offer from Eastman Industries; and,
3. Discuss the loan Delinquency Report.

At approximately 5:15, the Board came out of executive session.

On motion made and seconded, the Board voted unanimously to extend the loan to Auto Care LLC on the terms and conditions as recommended with the following additional conditions: (1) providing environmental indemnity to the City/PDC; (2) confirm no outstanding Maine State taxes, and follow-up with accountant if needed; (3) loan applicant to consult with CEI's StartSmart program during the first quarter; and, (4) provide quarterly financial reports for the first year.

Item #4: Review and vote on loan settlement offer from Eastman Industries

On motion made and seconded, the Board voted unanimously to accept the loan settlement on the terms as presented by staff.

Item #5: Treasurer's Report – December 2015 – Drew Swenson

Mr. Swenson said that administrative budget is trending at 50% expended, which is the norm at this time. Also included is the FY17 proposed budget remaining at the same levels. He noted that it has been at the same level for a number of years. The Schedule of Loans Receivable has $2.4+ Million in total loan funds disbursed, and $2.0+ Million in outstanding principal. The Cash Management Report shows approximately $1.6+ Million in available loan and grant funds.

President Sheff noted that the Board may discuss setting aside a portion of unrestricted funds in cases where it may need to hire outside assistance in any loan collection process.

On motion made and seconded, the Board voted unanimously to accept the report as presented, as well as approving the FY17 budget.

There being no further business, the meeting was adjourned at approximately 5:20 p.m.

Respectfully,

Lori Paulette

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

To: PDC President Sheff and Board Members
From: Nelle Hanig, Business Programs Manager
Date: February 10, 2016
RE: New Draft of PEDPIP Guidelines for Review and Approval

Summary

At a recent PDC Board meeting the issue of greater clarity was discussed, relative to the wording of the Eligible Activities section in the proposed draft PEDPIP Guidelines. To address this, the Issues Committee (including Barry Sheff, Tim Agnew, Jess Knox and Heather Sanborn) met with staff on Feb 5th to make further revisions. A draft of newly proposed revisions to the PEDPIP guidelines is attached for discussion at the upcoming February 18th PDC meeting. This draft is provided in a clean format, as a redlined version would have been confusing to follow. For comparison, also attached is the redlined version of the previously proposed PEDPIP guidelines.

New Revisions

- Description Section: This section now explains why PEDPIP was created, and defines and differentiates the two documents that are the basis of the Program. Those documents are the Portland Economic Development Vision and Plan and the companion Current Work Plan (updated every two years). The last two sentences from the original guidelines were added back for further clarity.
- Objective Section: Modified to improve clarity.
- Eligible Activities Section: There are now three items listed in order of funding priority. Each is carefully defined.
- Application and Approval Process Section: Includes the date that the guidelines go into effect as well as when applications will be due.

Recommendation

Staff recommends approval of the new proposed revisions to the PEDPIP guidelines for recommendation to the City Council. These guidelines would be presented to the Council, along with the PDC approved changes to the By-Laws.

Attachments

Draft of the New Proposed PEDPIP Guidelines
Redlined Version of Previously Proposed PEDPIP Guidelines

Portland Economic Development Plan Implementation Program (PEDPIP)
Program Guidelines

Proposed Revisions as of February 5, 2016

Description

The Portland Economic Development Vision and Plan, along with the companion Current Work Plan (updated every 2 years) was developed through collaboration among the City, the Portland Community Chamber and Creative Portland, as well as stakeholders from a range of industry sectors. To assist with implementation of the Current Work Plan as well as the larger Vision and Plan, the Portland Economic Development Plan Implementation Program (PEDPIP) was developed.

PEDPIP provides non-profits and the City with matching grants to assist them with planning studies and other "soft" costs associated with economic development projects and programs in the Current Work Plan and the larger Vision and Plan. PEDPIP does not fund "hard" costs for public infrastructure or private development projects.

Objective

To support the growth of Portland's economy through investing in projects and programs which implement the Portland Economic Development Vision and Plan and the Current Work Plan.

Eligible Activities - In order of funding priority

1. Projects/Programs listed in the Current Work Plan, the companion document to the Portland Economic Development Vision and Plan.
2. Projects/Programs found in the Economic Development Vision and Plan that are highlighted boxes, each titled "Work Plan";
3. Projects/Programs not listed in the Current Work Plan or in the highlighted boxes titled "Work Plan" in the Economic Development Vision and Plan, but are determined by the Portland Development Corporation Board to be related to implementation of the Economic Development Vision and Plan.

Funding Requirements

- Maximum grant request is $15,000;
- Grants must be matched by an equal or greater dollar amount from funding sources other than the Portland Development Corporation.

Eligible Applicants

Not-for-profit organizations and the City of Portland that are working to implement the City of Portland's Economic Development Vision and Plan and Current Work Plan.

Source of PEDPIP Funds

The Portland Development Corporation will utilize up to 10% of its Unrestricted Funds for PEDPIP grants. The 10% dollar amount will be set at the beginning of each fiscal year (or July 1) to determine that year's allocation for PEDPIP grants.

Application and Approval Process

Effective as of July 1, 2016, grant applications are due at 3:00 PM on the last day of September that falls on a weekday. If grants funds remain after awards are made from the September round, then grant applications will again be accepted and are due at 3:00 PM on the last day of March that falls on a weekday. Please check with the City's Economic Development Department to learn whether grant funds will be available for a March round. Submit applications to the City's Economic Development Department, City Hall, Room 308 or nrh@portlandmaine.gov.

The Portland Development Corporation reviews and approves all qualified grant requests.

Portland Economic Development Plan Implementation Program (PEDPIP)
Program Guidelines

REVISION ONE TO PDC 12-2015

Description

The~~is~~ Portland Economic Development Plan Implementation Program (PEDPIP) provides matching grants for projects that will ~~monies to~~ ~~invest in economic development projects and programs that~~ contribute to implementing~~-~~work plan actions addressed in the current 2-year Work Plan and/or the Portland~~'s~~ Economic Development Vision and Plan. ~~Its purpose is to fund planning studies and other "soft" costs associated with economic development projects and programs that advance the initiatives spelled out in the Plan. The Grant Program does not invest in "hard" costs for public infrastructure or private development projects. Its focus is on expenditures for economic development projects and programs.~~

Objective~~s~~

- To assist non-profit stakeholders and the City of Portland to achieve the implementation strategies in Portland's Economic Development Vision and Plan and its current 2-Year Work Plan. ~~Facilitate the expansion of industry sectors with high value/high job growth potential;~~
- ~~Support job creation and retention;~~
- ~~Facilitate opportunities for start-ups and expansion of small businesses;~~
- ~~Enhance the City's image as a center for innovation, entrepreneurship and business growth; and~~
- ~~Strengthen the economic health and vitality of commercial districts.~~

Eligible Activities

- Projects related to actions/activities noted in the current 2-Year Work Plan (Grant funding priority)
- Projects related to bulleted actions in the Economic Development Vision and Plan
- ~~Planning that evaluates economic development opportunities;~~
- ~~Business recruitment activities that focus on targeted industries;~~
- ~~Marketing plans/strategies for the City;~~
- ~~Programs that enhance the climate in downtown business districts and access to them.~~

Funding Requirements

- Maximum grant request is $15,000;

- Grants must be matched by an equal or greater dollar amount from funding sources other than the Portland Development Corporation.

~~Funding Source~~Source of PEDPIP Funds

The Portland Development Corporation (PDC) will utilize up to 10% of its Unrestricted Funds ~~to fund~~for PEDPIP grants. This 10% will be set at the beginning of each fiscal year (or July 1) to determine that year's allocation ~~amount to be allotted~~ for PEDPIP grants.

Eligible Applicants

Not-for-profit and public entities that are working to implement the City of Portland's Economic Development Plan, with direct benefit to the City.

Applications, Timelines and Approval Process

Applications will be accepted each year no later than the last day of September that falls on a weekday. If additional funds remain, applications will again be accepted no later than the last day of March that falls on a weekday. (Before applying in March, please check with Economic Development staff whether additional funds will be available for a March round of applications.)

Submit applications to the City's Economic Development Department, City Hall, Room 308, or to nrh@portlandmaine.gov. All eligible grant requests will be presented to ~~T~~the Portland Development Corporation for -review~~s~~ and approval~~es all qualified grant requests~~.

Portland Development Corporation
Operating Report FY16
For Month Ending
1/31/2016

Operating transfer from EDF	**28,522**

Total Funds Available	**28,522**

FY16 Expenditures	**Budget**	**Current Month**	**Year to Date**	**Percent of Budget**	**Balance**
Administrative Services	575	10	115	20.1%	460
Postage	300	0	28	9.3%	272
Travel, Training, Meetings	4,000	0	3,107	77.7%	893
Contractual services	10,500	0	149	1.4%	10,351
Operating Transfer to Fin.	9,647	0	9,647	100.0%	0
Advertising	2,000	0	423	21.2%	1,577
Auto Expense Reimb.	100	0	0	0.0%	100
Printing & Binding	650	0	364	56.0%	286
Office Supplies	750	0	307	40.9%	443
			0		
Total FY16 Expenditures	**28,522**	**10**	**14,140**	**49.6%**	**14,382**

Expenditures:

Administrative Services	General Courier delivery.

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending January 31, 2016

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):						
6762	1482	Nova Star Cruises Limited	3/20/2014	5/1/2020	165,411	0	165,411	$151,274
		Sub-Total PBF (UDAG)						**$151,274**
		Portland Business Fund 272 (Restricted - CIP):						
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	$31,155
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	130,000	0	130,000	$115,536
		Sub-Total PBF (Bonds/CIP Restricted)						**$189,593**
		Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
5708	1438	Veranda Asian Market LLC	4/19/2012	4/1/2017	50,000	0	50,000	$17,431
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	0	12,500	$4,795
6113	1379	EcoHome Studio, LLC	4/11/2013	4/1/2018	15,000	0	15,000	$7,166
6120	1380	Portland Trading Co. LLC	4/26/2013	8/1/2018	15,000	0	15,000	$13,836
6302	1411	Pachanga, LLC	11/6/2013	12/1/2016	14,000	0	14,000	$6,137
6501	1435	Sur Lie Wine Bar, LLC	5/2/2014	9/1/2021	37,335	0	37,335	$30,929
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	25,000	0	25,000	$20,208
		Sub-Total Micro Capital Fund						**$100,503**
		Portland Business Fund Fund 274 (CIP/Unrestricted):						
6597	1458	Back Cove School	8/29/2014	9/1/2019	55,000	0	55,000	$47,332
6786	1487	RAIN Management, LLC	4/16/2015	7/1/2020	60,000	0	60,000	$57,745
6828	1500	Poplar & Co., LLC	6/5/2015	10/1/2022	37,500	0	37,500	$35,406
6868	1512	Billdotcom, LLC	8/29/2015	9/1/2022	102,500	0	102,500	$101,726
		Sub-Total PBF (Bonds/CIP Unrestricted)						**$242,209**
		Creative Economy Fund 271 (UDAG/Unrestricted):						
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	0	26,000	$8,514
		Sub-Total Creative Economy Fund						**$8,514**
		FAME Fund 277:						
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	0	61,000	$53,795
3763	956	Eastman Industries	4/19/2012	4/6/2017	34,800	0	34,800	$29,208
6531	1450	North Atlantic, Inc.	6/23/2014	1/1/2020	75,000	0	75,000	$48,092
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	83,333	0	83,333	$65,237
6692	1475	Maine & Loire LLC	12/30/2014	1/1/2020	45,000	0	45,000	$37,025
6784	1485	SB & LC Properties, LLC	4/6/2015	5/1/2020	101,200	0	101,200	$99,911
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	132,954	0	132,954	$119,967
		Sub-Total FAME Fund						**$453,234**
		FAME SSBCI 279:						
5836	1340	251 Woodford Street LLC	8/31/2012	9/1/2017	165,000	0	165,000	$147,662
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	0	165,000	$67,785
6199	1390	Inn at Diamond Cove LLC	7/10/2013	7/1/2018	200,000	0	200,000	$174,989
6867	1511	Billdotcom, LLC	8/19/2015	9/1/2022	92,500	0	92,500	$91,801
		Sub-Total FAME SSBCI						**$482,238**
		Real Estate Investment Fund 271(UDAG/Unrestricted):						
6104	1378	McCuda, LLC	4/19/2013	4/1/2018	200,000	0	200,000	$181,989
		Sub-Total RE Invest						**$181,989**
		Brownfields Loan Fund 278						
6555	1457	Forefront Partners, LP	7/30/2014	2/1/2020	200,000	0	200,000	$182,979
		Sub-Total Brownfields						**$182,979**
		Grand Total Loans				0	2,418,833	**$1,992,534**
		Allowance for uncollectable loans at 15%						$298,880
		Total with Allowance for uncollectable loans:						**$1,693,654**

CITY OF PORTLAND, MAINE
PORTLAND DEVELOPMENT CORPORATION
DELINQUENCY REPORT
MONTH ENDING JANUARY 31, 2016

a/o 2/10/2016

Loan	Payment Past Due	# of Payments	# of Days Past Due[1]	Outstanding Principal Balance	# of Times Past Due In Last 12 Reports (excluding present mo.)
Back Bay Skate[2]	$239	1	31	$4,795	11
Back Cove School	$1,581	2	62	$47,332	7
Browne Trading	$16,351	1	20	$65,237	2
Damiak's Bakery, LLC[3]	$478	1	31	$19,844	8
Eastman Industries	$4,005	9	276	$29,208	8
Eastman Industries	$4,005	9	276	$29,208	8
Museum of African Culture	$2,723	25	730	$13,693	12
Nova Star Cruises	$9,365	3	92	$151,274	4
Pachanga[4]	$842	2	62	$4,949	7
Peaks Island Fuel	$411	1	25	$53,500	1
Portland Trading Co.	$6,087	21	641	$14,027	12
SB & LC	$725	1	29	$99,911	3
Studio Management Corp.	$1,481	3	92	$8,514	12
Veranda Asian Market[5]	$955	1	31	$17,431	12
TOTALS:	**$30,121**			**$441,558**	

[1] 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.

[2] Paid January on 2/9/2016

[3] Paid January on 2/6/2016

[4] Paid December, January, and February on 2/4/2016

[5] Paid January on 2/5/2016

Portland Development Corporation
Cash Management Report
For Month Ending January 31, 2016

	CIP		UDAG	FAME	FAME	Brown-		Year-to-Date						Business Assistance Grant Prgm for Job Creation-FY16
			271		SSBCI	field		Principal/Interest						
	272	274	(Unrestricted)	277	279	278		CIP		UDAG				
	Restricted	Unrestricted	Loans/Grants			(PET)	TOTAL	Restricted	Unrestricted	Unrestricted	FAME	SSBCI	Brnfld	
Beginning Cash Bal. Jan. 1, 2016	205,141	96,471	742,102	78,103	435,775	322,346	1,879,938							100,000
Plus:														
Principal payments received	902	849	2,015	2,639	3,371	1,449		73,182	7,705	48,827	24,860	176,697	11,427	
Interest payments received from loans	137	1,000	1,103	2,352	1,504	529		4,970	6,265	12,812	15,306	16,444	4,396	
Interest Income					112							634		
Other Income/Adjustments												925		
Pass Through From FAME SSCBI														
Sub-Total Cash Available	206,180	98,320	745,220	83,094	440,763	324,324	1,897,900	78,152	13,970	61,639	40,166	194,701	15,823	
Less:														
FAME Annual Admin. Fee; Invoices					(6,169)									
Disbursements - Loans/PDAP Grants			(9,655)			(8,293)								
Sub-Total Cash Available:	206,180	98,320	735,565	83,094	434,594	316,031	1,873,784							
Less Reserves for:														
Beautification Program (EC0301)			(72,000)											
PEDPIP Fund FY15 Commitments not yet paid			(100,761)											
PEDPIP Fund FY16 Commitments not yet paid (capped at $52,130)			(15,000)											
Portland Dev. Action Grant (EC0302)			(68,287)											
Transfers not yet recorded (UDAG Int)			(12,812)											
BAP Grants														
Used for Administration														-10,000
Total Ending Loan/Grant Cash Bal.	206,180	98,320	466,705	83,094	434,594	316,031	1,604,924							-5,000
														85,000

Loan Commitments:	
Nova Star Cruises	20,489
Total:	20,489

DAG Cmtmts:	68,287	(DAG Bal.)
Cow Plaza/Hyat	25,000	
Balance:	43,287	

Bal. of Unrestricted/Uncommitted Funds ao 7/1/15:		521,299
PEDPIP Cap for FY16 (ao 7/1/2015) at 10% of above:		52,130
PEDPIP Commitments for FY16 to date:	15,000	37,130

Economic Development Department
Gregory A. Mitchell, Director

MEMORANDUM

To: President Barry Sheff and PDC Board Members
From: Nelle Hanig, Business Programs Manager
Cc: Greg Mitchell, Economic Development Director
Date: February 11, 2016
Re: **Communication: Recent Marketing PDC Programs**

Since January, Nelle and Vin DiCara have been meeting with a number of local lending institutions to market the PDC loan and grant programs. (Vin's primary purpose at these meetings is to promote GPCOG's loan programs, but of course, also responds to underwriting questions relative to PDC programs.)

We've met with commercial loan officers at Northeast Bank and Gorham Savings Bank, as well as with five credit unions, including CPort, at a forum organized by Business Lending Solutions. That company provides commercial underwriting services for credit unions that don't have commercial lending staff. At the beginning of March we will meet with the commercial loan officers at Androscoggin Bank.