



PORTLAND DEVELOPMENT CORPORATION

Board Meeting

DATE: Thursday, August 11, 2016

TIME: 4:00 p.m.

LOCATION: Room 303, Third Floor
Portland City Hall

UPDATED AGENDA

1. President's comments
 2. Review and accept Minutes of July 14, 2016 meeting.
 3. Relative to the July 14th PDC approval of a loan to Creative Portland, a vote is needed on the following motion: PDC consents to Michael Goldman, Associate Corporation Counsel, representing the PDC, given that he is also the registered agent for Creative Portland.
 4. Report on the August 1, 2016 City Council meeting at which it approved PDC recommended amendments to the Business Assistance Program for Job Creation (BAP)
 5. Review and vote on Business Assistance Program (BAP) for Job Creation Grantee Addendums:
 - a) Cakeworks, Inc., d/b/a Izzy's Cheesecake, 135 Walton St., and,
 - b) The Sunrise Guide, 80 Elm 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.
6. Treasurer's Report – July 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.)
 - e) Listing of Grants approved through the BAP Program and PEDPIP for FY2016.
 7. Other items to be discussed/brought up by Board Directors.
 8. Next Meeting Date: September 22, 2016

Barry Sheff, Board President



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: August 4, 2016
RE: **City Council Approved Modifications to Guidelines
Business Assistance Program for Job Creation (BAP)**

PURPOSE

On August 1, 2016 the Portland City Council approved all of the modifications to the BAP guidelines that the PDC recommended. The purpose of this memo is to highlight the approved changes, especially for board members who may not have been present for the discussion of the proposed modifications at the July 14th PDC meeting.

APPROVED MODIFICATIONS

New: A job or jobs to be created to meet BAP requirements must now be created within nine (9) months of signing a grant agreement, rather than within one (1) year. This change was made in order to comply with U.S. Housing and Urban Development (HUD) rules. BAP is funded through the Community Development Block Grant (CDBG), which is administered by HUD.

The BAP guidelines always noted that if a grantee business was unable to create the required number of jobs, per the grant agreement, the PDC Board could require that the grantee return all grant funds that it had drawn down. In the case of a grantee business that had been unable to retain the required job(s) for one year from the time the job(s) was initially created, the PDC Board, at its discretion, could require partial repayment (on a pro-rata basis) of grant funds. (NOTE: Per the City's Housing and Community Development Division that administers the City's CDBG Program, any funds that are reimbursed to the City from BAP grantees cannot go back into the Program. They would go into the City's CDBG contingency fund to be used for other projects and programs.)

New: An alternatives to the clawback of funds, the modified guidelines now make three additional options available for the PDC to use, at its discretion, as solutions for grantee businesses unable to meet job creation requirements. These requirements include i) the inability to hire a full-time employee(s) within nine (9) months of signing a grant agreement, and/or ii) the inability to maintain a position(s) for a year after a job is created.

New Options

- a. Allow a business to create two part-time jobs as a substitute for one full-time job. HUD accepts full-time equivalents, that is, two part-time jobs, as fulfillment for job creation;
- b. Qualify a business as a microenterprise if it meets HUD's definition of such. A microenterprise is defined by HUD as a business that is owned by a low/moderate income individual and has five or fewer employees. HUD accepts this as fulfillment for CDBG economic development grant funds because the funds are assisting a low/moderate income individual, that being the business owner;
- c. Waive residency requirement. Accept a full-time hire(s) that doesn't meet the residency requirement, that is, a job filled by a low/moderate income person that lives outside the City of Portland. This is acceptable to HUD as the agency wants to see jobs created for low/moderate income individuals, regardless of what community they live in.

If any of the new options are approved for a grantee business, the PDC Board will determination whether to release the balance of the approved grant funds to that business.

ATTACHMENTS

- BAP Guidelines approved by City Council on August 1, 2016;
- BAP Guidelines with PDC's recommendations in redlined format, provided to City Council;
- Staff memo to PDC on proposed modifications to BAP Guidelines, dated July 12, 2016;
- Email from PDC Board President to Mayor Strimling after August 1, 2016 Council approval.

Portland Business Assistance Program for Job Creation

Program Description

The City of Portland's Business Assistance Program for Job Creation provides grants up to \$20,000 to new and expanding Portland businesses for the creation of net new, permanent full-time jobs for low/moderate income Portland residents.

Program Objectives

- Job creation for low/moderate income Portlanders;
- New business formation and existing business expansion;
- Leverage private investment to support business growth;
- Help new and expanding businesses establish credit;
- Enhance the health and vitality of the Portland economy.

Program Requirements

- Create one (1) full-time job (at least 1,750 hours/year*) for every \$10,000 of grant funding;
- Business location of applicant fits any of the following: In a low income area of the City; Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;
- Net new jobs created with the help of the grant are marketed to low/moderate income** Portland residents, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents;
- Job(s) are created within nine (9) months of signing a grant agreement.

Financing Terms

- Maximum grant: \$20,000 per business.
- Required Private Match: Equal to or greater than grant amount.
- Private Match Sources: Private investment match includes at least 50% private equity. The remaining 50% may be a bank loan or a loan from the City's Commercial Loan Program, if conventional financing is not available. For existing businesses, the 50% equity can include private investment made within the past 12 months.

Application Review Preferences:

Preference is given to applications that include one or more of the following components (listed in no particular order):

- Job training: Teaching meaningful skill(s) to new hires;
- Private match exceeds the grant amount requested;

- Number of net new jobs exceeds one (1) per \$10,000 of grant funding;
- Quality jobs are created offering wages that meet or exceed the minimum wage approved by the Portland City Council.

Eligible Funding Activities

- Equipment and machinery ;
- Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
- Working capital expenses (e.g., rent, utilities, salaries, insurance);
- Up to \$1,000 for business consulting services (e.g., accounting, marketing, software training, legal assistance);
- Leasehold improvements, renovation, reconstruction, or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons. (Construction projects must comply with Davis Bacon federal labor standards.)

Ineligible Activities

- Refinance existing debt;
- Down payment for other financing;
- Use of grant funds for activities, (e.g., purchases of equipment and supplies), commenced or completed prior to program funding approval and prior to signing a grant agreement.

Basic Program Qualifications

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

Application and Approval Process

The City's Economic Development Department is responsible for administration of the Business Assistance Program for Job Creation, with guidance from the Housing and Community Development Division. Eligible applications are reviewed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review. The PDC has final decision-making authority in approving applicants for grant awards.

Reporting and Tracking (after grant approval)

Jobs: Jobs must be created within nine (9) months of signing a grant agreement after being approved for a grant. Grant recipients will be required to provide quarterly reports until all hires are made, and then for one year beyond that.

- Property: The City will retain an interest in property improved or equipment purchased (worth \$5,000 or more) with 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 rata basis) of the grant funds.

Program Actions if Grantee Business is Unable to Meet Job(s) Requirements

Nine (9) months from the date of signing the grant agreement, if a grantee business has been unable to create the required number of jobs, the PDC Board, at its discretion, may require that the grantee return all grant funds that it has drawn down. In the case of a grantee business that has been unable to retain the required job(s) for one year from the time the job(s) was initially created, the PDC Board, at its discretion, may require the partial repayment (on a pro-rata basis) of grant funds.

Alternatively, should the PDC Board determine, in its judgement, that the grantee has made a good faith effort to create the required number of jobs within nine (9) months of signing the grant agreement or to retain the job(s) one year from the time the job(s) was created:

A) The Board may approve the use of any of the following options it deems most appropriate:

- Allow the creation of two part-time jobs for low/moderate income Portland residents in place of one full-time job to meet the job creation requirement per \$10,000 in grant funds. A part-time job is defined as working at least 875 hours per year but less than 1,750 per year;***
- Qualify the business as a microenterprise if the business owner meets HUD's low/moderate income threshold (80% of median HH income) and the business has five or fewer employees.**** This qualification would not require the creation of jobs, other than the job that was created for the low/moderate income business owner.
- Waive the Portland residency requirement for the full-time job that was created or will be created.

And,

B) The Board will make a determination whether to release the balance of the approved grant funds to the grantee.

NOTE: These actions are retroactive and may be applied to any BAP grantee business that has not yet met its job requirements, per these guidelines.

Definitions

*Definition of a full-time job, per the Maine Department of Economic and Community Development;

**For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link:

<http://www.portlandmaine.gov/DocumentCenter/Home/View/8939>

***Definition of a part-time job, per the Maine Department of Economic and Community Development;

****Two part definition of a microenterprise, per the U.S. Department of Housing and Urban Development.

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- Help new and expanding businesses establish credit;
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Program Requirements

- Create one (1) full-time job (at least 1,750 hours/year ~~or 33.65 hours/week*~~) for every \$10,000 of grant funding;
- Business location of applicant fits any of the following: In a low income area of the City; ~~-~~ Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;
- Net new jobs created with the help of the grant are marketed to low/moderate income** Portland residents, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents;
- Job(s) are created within nine (9) months ~~one (1) of signing a grant agreement, year of grant approval.~~

Financing Terms

- Maximum grant: \$20,000 per business.
- Required Private Match: Equal to or greater than grant amount.
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Application Review Preferences:

Preference is given to applications that include one or more of the following components (listed in no particular order):

- Job training: Teaching meaningful skill(s) to new hires;

- Private match exceeds the grant amount requested;
- Number of net new jobs exceeds one (1) per \$10,000 of grant funding;
- Quality jobs are created offering wages that meet or exceed the minimum wage approved by the Portland City Council. ~~If there is no approved City minimum wage, then the wages exceed the State of Maine minimum wage.~~

Eligible Funding Activities

- Equipment and machinery ;
- Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
- Working capital expenses (e.g., rent, utilities, salaries, insurance);
- Up to \$1,000 for business consulting services (e.g., accounting, marketing, software training, legal assistance);
- Leasehold improvements, renovation, reconstruction, or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons. (Construction projects must comply with Davis Bacon federal labor standards.)

Ineligible Activities

- Refinance existing debt;
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- Use of grant funds for activities, (e.g., purchases of equipment and supplies), commenced or completed prior to program funding approval and prior to signing a grant agreement.

Basic Program Qualifications

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

Application and Approval Process

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~~maintained for at least one year 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 (worth \$5,000 or more) with 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 rata basis) of the grant funds.

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A) The Board may approve the use of any of the following options it deems most appropriate:

- Allow the creation of two part-time jobs for low/moderate income Portland residents in place of one full-time job to meet the job creation requirement per \$10,000 in grant funds. A part-time job is defined as working at least 875 hours per year but less than 1,750 per year;***
- Qualify the business as a microenterprise if the business owner meets HUD's low/moderate income threshold (80% of median HH income) and the business has five or fewer employees**** This qualification would not require the creation of jobs, other than the job that was created for the low/moderate income business owner.
- Waive the Portland residency requirement for the full-time job that was created or will be created.

And,

B) The Board will make a determination whether to release the balance of the approved grant funds to the grantee.

NOTE: These actions are retroactive and may be applied to any BAP grantee business that has not yet met its job requirements, per these guidelines.

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*Definition of a full-time job, per the ~~U.S. Department of Housing and Urban Development~~ Maine Department of Economic and Community Development;

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(5/29/2015)



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: July 12, 2016
RE: **Proposed Modifications to Guidelines:
Business Assistance Program for Job Creation (BAP)**

PURPOSE: Proposed modifications to the BAP Guidelines are being presented to the PDC Board for discussion and possible action in the form of a recommendation to the City Council.

OVERVIEW

The job creation requirements of the Business Assistance Program for Job Creation (BAP) currently require the following: 1) Within one year of signing a grant agreement, creating and filling a new full-time job with a low/moderate individual who is also a Portland resident, and, 2) Maintaining that job for a year after creating it. These requirements have been met or are being met by a majority of the grantee businesses in the Program, but some have not been able to meet them. The reasons range from not finding a particular skill set that an employer is seeking, to not finding a Portland resident to fill the position or an individual who wants to or is able to work full-time. To some extent, outside factors may be contributing to the challenges of finding employees to meet the Program requirements. In Portland, the unemployment rate is currently quite low and the rental housing vacancy rate is very low, particularly rentals for those who are low/moderate income.

NEED FOR SOLUTION AND PROJECT CLOSURE

The Federal Department of Housing and Urban Development, from whom the City's CDBG funds are provided, will flag a grant awarded project in their system once 270 days have elapsed after partial drawdown of funds with no subsequent activity. Once flagged, HUD requires the City to provide an explanation of how it will resolve the "problem project." This can happen on a BAP project if a grantee draws down funds shortly after they sign their grant agreement (which most need to do) but before they create the required jobs. A grantee is permitted to draw down no more than fifty percent of their grant prior to job creation.

If nine months elapses from drawdown(s) and the business is still unable to create the required jobs, preventing them from drawing down the rest of their grant, that is when the HUD flag will occur. With the objective of avoiding HUD flags as well as meeting BAP requirements to keep each job in place for at least a year, options for resolution are needed either after nine months of seeking to hire a

full-time employee without results or being unable to keep a position filled for a year after a job is initially created. The latter is to meet City CDBG policy.

MODIFICATIONS TO BAP GUIDELINES

For incorporation into the BAP Guidelines, staff proposes three new options for the PDC's consideration in order to find solutions for grant awarded projects that are unable to meet job creation requirements. That is, after nine months of trying to hire a full-time employee without results or being unable to maintain a position for a year after a job is created. All of the following options are consistent with both HUD rules and the City's CDBG policies. Only option d. (below) is consistent with current BAP Guidelines. Staff is proposing to retain option d. with some additional wording for greater clarification, and incorporate options a, b and c as proposed modifications to the BAP Guidelines, all to be used at the PDC's discretion. The BAP guidelines showing these proposed modifications in redlined format are attached.

- a. Change program job requirements to allow two part-time jobs to substitute for one full-time job. HUD accepts full-time equivalents as fulfillment for job creation as does the City's CDBG program. The current BAP guidelines do not accept part-time jobs;
- b. Qualify business as a microenterprise. A microenterprise is defined by HUD as a business that is owned by a low/moderate income individual and has five or fewer employees. HUD accepts this as fulfillment for CDBG economic development grant funds. In this instance, grant funds would be assisting a startup or growing Portland microenterprise. Current BAP guidelines do not allow for this approach.
- c. Waive residency requirement. On a case-by-case basis, accept full-time hires that don't meet the residency requirement, that is, creating a job for a low/moderate income person that lives outside the City of Portland. This is acceptable to HUD as the agency wants to see jobs created for low/moderate income individuals, regardless of what community they live in. As for CDBG City requirements, the Housing and Community Development Office has waived this residency requirement when a business has shown a good faith effort to hire a Portland resident. The current BAP guidelines do not allow for a waiver of the residency requirement;
- d. Request repayment of BAP grant funds in full if job has not been created within 9 months or on a pro-rata basis if the job has not been maintained for a year. In the contract with BAP grantees the "Assisted Business **may** be responsible for reimbursing the City of Portland a portion of the grant funding received up to and including \$10,000 per job lost." NOTE: Per the City's Housing and Community Development Division, any funds that are reimbursed to the City from BAP grantees cannot go back into BAP. They would go into the City's CDBG contingency fund to be used for other projects and programs.

RECOMMENDATIONS

Staff recommends the modifications shown in the attached redlined document. The PDC's approval of these modifications would be provided to the City Council as a recommendation for their approval.

ATTACHMENT

Proposed Modifications to BAP Guidelines in Redlined Format



Greg Mitchell <gmitchell@portlandmaine.gov>

Fwd: PDC BAP

Barry Sheff <bsheff@woodardcurran.com>

Mon, Aug 1, 2016 at 6:11 PM

To: Greg A Mitchell <gmitchell@portlandmaine.gov>

Sorry...not sure how my email replaced your address with gmo ??

Barry Sheff, W&C

[207.558.3667](tel:207.558.3667) (work)

[207.749.4171](tel:207.749.4171) (cell)

----- Forwarded message -----

From: Barry Sheff <bsheff@woodardcurran.com>

Date: Aug 1, 2016 6:06 PM

Subject: PDC BAP

To: estrimling@portlandmaine.gov

Cc: gmo@woodardcurran.com

Thank you for helping us work through BAP edits tonight and getting to unanimous support from the Council...it was great input we'll bring back to PDC. Specifically, as the meeting of the Corporator was ending, Greg and I briefly discussed and agreed the PDC and staff will want to test applicants coming back to the Board, with the intent to ensure two part-time positions (in lieu of 1 FT) is not an attempt to avoid providing benefits.

Thanks again.

Best

Barry

Barry Sheff, W&C

[207.558.3667](tel:207.558.3667) (work)

[207.749.4171](tel:207.749.4171) (cell)

Portland Development Corporation Meeting Minutes

Thursday, July 14, 2016

Board Members present: President Barry Sheff, Treasurer Drew Swenson, Tim Agnew, Shelley Carvel, Chip Martin, Heather Sanborn,

Board Members not present: Manager Jennings, Neil Kiely, Jess Knox, Secretary Jere Shaw, and Mayor Strimling

City Staff present: Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell.

Commercial Loan Underwriting Consultant to City present: Vin DiCara

The minutes reflect notes and motions made and voted upon at this meeting.

Item #1: President's comments: President Sheff did not offer comments as he wanted to get the meeting underway.

Item #2: Review and accept minutes of previous meetings held on April 21, 2016 and June 16, 2016: On motion made (Martin) and seconded (Agnew), the minutes of June 16, 2016 were approved 4-0-2 (Sanborn and Carvel). The Board deferred accepting Minutes of April 21, 2016 as only three were present today who had attended that meeting and four votes are needed to pass a motion.

Item #3: Review and vote on loan applications from:

- a) Creative Portland, 565 Congress St. seeking \$25,000 and,
- b) 747 Congress LLC (The Francis Hotel, Restaurant and Spa) seeking \$150,000.

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.

After public presentations were made on Items #2 a) and b), on motion made (Swenson) and seconded (Sanborn) the Board voted unanimously at approximately 4:45 pm to go into Executive Session, pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A 13119-A. At approximately 5:35, on motion made (Swenson) and seconded (Agnew), the Board voted unanimously to come out of executive session. Greg Mitchell noted that he is on the Creative Portland Board.

Creative Portland: On motion made (Sanborn) and seconded (Carvel), the Board voted unanimously (6-0) to extend a loan of \$25,000 to Creative Portland, as recommended by staff and the consulting underwriter.

747 Congress LLC: On motion made (Swenson) and seconded (Sanborn), the Board voted unanimously (6-0) to extend a loan of \$150,000 to 747 Congress LLC, as recommended by staff.

Item #4: Job Creation Requirements of Business Assistance Program for Job Creation (BAP)

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.

On motion made and Seconded the Board voted unanimously to go into executive session at 5:45 pm pursuant 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A 13119-A. At approximately 6:00 p.m., the Board came out of executive session.

Item #5: Discussion and possible action on Modification to BAP Guidelines

The Board reviewed and discussed staff recommended BAP amendments and debated various issues, such as waiving the Portland residency requirement and maintaining program flexibility to attract and support increased private investment in Portland. Board consensus was reached on the following (please refer to attached marked revisions of the Guidelines for page references below):

1. At the top of p. 2, third bullet, leave in the words “meet or” exceed minimum wage . . . ;
2. In the middle of p. 3, first bullet, the Board directed staff to determine and include in the program the number of hours; and,
3. Directed staff to add language amending the program to allow Board discretion to withhold any undisbursed funds.

With the above amendments, the Board voted unanimously (6-0) to recommend to the City Council approval of the recommended amendments to the BAP Guidelines.

There being no further business, the meeting then adjourned at approximately 6:15 p.m.

Respectfully,

Nelle Hanig

Greg Mitchell

Portland Business Assistance Program for Job Creation

Program Description

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Program Objectives

- Job creation for low/moderate income Portlanders;
- New business formation and existing business expansion;
- Leverage private investment to support business growth;
- Help new and expanding businesses establish credit;
- Enhance the health and vitality of the Portland economy.

Program Requirements

- Create one (1) full-time job (at least 1,750 hours/year or at least 33.65 hours/week*) for every \$10,000 of grant funding;
- Business location of applicant fits any of the following: In a low income area of the City; Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;
- Net new jobs created with the help of the grant are marketed to low/moderate income** Portland residents, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents;
- Job(s) are created within nine (9) months one (1) of signing a grant agreement. year of grant approval.

Financing Terms

- Maximum grant: \$20,000 per business.
- Required Private Match: Equal to or greater than grant amount.
- Private Match Sources: Private investment match includes at least 50% private equity. The remaining 50% may be a bank loan or a loan from the City's Commercial Loan Program, if conventional financing is not available. For existing businesses, the 50% equity can include private investment made within the past 12 months.

Application Review Preferences:

Preference is given to applications that include one or more of the following components (listed in no particular order):

- Job training: Teaching meaningful skill(s) to new hires;

- Private match exceeds the grant amount requested;
- Number of net new jobs exceeds one (1) per \$10,000 of grant funding;
- ~~Quality jobs are created offering wages that meet or exceed the minimum wage approved by the Portland City Council. If there is no approved City minimum wage, then the wages exceed the State of Maine minimum wage.~~

Eligible Funding Activities

- Equipment and machinery ;
- Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
- Working capital expenses (e.g., rent, utilities, salaries, insurance);
- Up to \$1,000 for business consulting services (e.g., accounting, marketing, software training, legal assistance);
- Leasehold improvements, renovation, reconstruction, or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons. (Construction projects must comply with Davis Bacon federal labor standards.)

Ineligible Activities

- Refinance existing debt;
- Down payment for other financing;
- Use of grant funds for activities, (e.g., purchases of equipment and supplies), commenced or completed prior to program funding approval and prior to signing a grant agreement.

Basic Program Qualifications

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

Application and Approval Process

The City's Economic Development Department is responsible for administration of the Business Assistance Program for Job Creation, with guidance from the Housing and Community Development Division. Eligible applications are reviewed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review. The PDC has final decision-making authority in approving applicants for grant awards.

Reporting and Tracking (after grant approval)

- ~~Jobs:~~ Jobs must be created within nine (9) months one year of signing a grant agreement after being approved for a grant. Grant recipients will be required to provide quarterly reports until all hires are made, and then for one year beyond that. ~~If the jobs are not~~

~~maintained for at least one year 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 (worth \$5,000 or more) with 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 rata basis) of the grant funds.

Program Actions if Grantee Business is Unable to Meet Job(s) Requirements

Nine (9) months from the date of signing the grant agreement, if a grantee business has been unable to create the required number of jobs, the PDC Board, at its discretion, may require that the grantee return all grant funds that it has drawn down. In the case of a grantee business that has been unable to retain the required job(s) for one year from the time the job(s) was initially created, the PDC Board, at its discretion, may require the partial repayment (on a pro-rate basis) of grant funds.

Alternatively, should the PDC Board determine, in its judgement, that the grantee has made a good faith effort to create the required number of jobs within nine (9) months of signing the grant agreement or to retain the job(s) one year from the time the job(s) was created, the Board may approve the use of any one of the following options it deems most appropriate:

- Allow the creation of two part-time jobs for low/moderate income Portland residents in place of one full-time job to meet the job creation requirement per \$10,000 in grant funds. A part-time job is defined as working at least _____ hours but less than _____ per year or at least _____ hours per week;***
- Qualify the business as a microenterprise if the business owner meets HUD's low/moderate income threshold (80% of median HH income) and the business has five or fewer employees**** This qualification would not require the creation of jobs, other than the job that was created for the low/moderate income business owner.
- Waive the Portland residency requirement for the full-time job that was created or will be created.

NOTE: These actions are retroactive and may be applied to any BAP grantee business has not yet met its job requirements, per these guidelines..

Definitions

*Staff is researching the dDefinition of a full-time job, per the U.S. Department of Housing and Urban Development.

**For the purposes of this Program, Low/-moderate income is defined by the Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found ~~on~~at the City's website at the following link:
<http://www.portlandmaine.gov/DocumentCenter/Home/View/8939>

***Staff is researching the definition of a part-time job, per the U.S. Department of Housing and Urban Development

****Two part definition of a microenterprise, per the U.S. Department of Housing and Urban Development.

(5/29/2015)

**Portland Development Corporation
Preliminary Draft Operating
Report FY17
For Month Ending
7/31/2016**

Operating transfer from EDF 28,522

Total Funds Available 28,522

		Current	Year to	Percent	
FY17 Expenditures	Budget	Month	Date	of Budget	Balance
Administrative Services	575	26	26	4.5%	549
Postage	300	0	0	0.0%	300
Travel, Training, Meetings	4,000	0	0	0.0%	4,000
Contractual services	10,500	0	0	0.0%	10,500
Operating Transfer to Fin.	9,647	0	0	0.0%	9,647
Advertising	2,000	0	0	0.0%	2,000
Auto Expense Reimb.	100	0	0	0.0%	100
Printing & Binding	650	0	0	0.0%	650
Office Supplies	750	0	0	0.0%	750
Total FY16 Expenditures	28,522	26	26	0.1%	28,496

Expenditures during July 2016

Administrative Services Credit Reports

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

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/Unrestricted):								
6762	1482	Nova Star Cruises Limited	3/20/2014	5/1/2020	165,411	0	165,411	\$151,274
7065	1545	Injac Properties, Inc.	6/10/2016	7/1/2021	122,500	0	122,500	<u>\$122,500</u>
Sub-Total PBF (UDAG)								\$273,774
Portland Business Fund 272 (Restricted - CIP):								
5496	1288	Museum of African Culture	10/3/2011	10/1/2016	15,500	0	15,500	\$0
3763	955	Eastman Industries	4/19/2012	4/6/2017	34,800	0	34,800	\$29,208
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	130,000	0	130,000	<u>\$110,783</u>
Sub-Total PBF (Bonds/CIP Restricted)								\$139,991
Portland Micro Capital Fund 271 (UDAG/Unrestricted):								
5708	1438	Veranda Asian Market LLC	4/19/2012	4/1/2017	50,000	0	50,000	\$13,031
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	0	12,500	\$3,725
6113	1379	EcoHome Studio, LLC	4/11/2013	4/1/2018	15,000	0	15,000	\$128
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	\$3,739
6501	1435	Sur Lie Wine Bar, LLC	5/2/2014	9/1/2021	37,335	0	37,335	\$28,955
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	25,000	0	25,000	\$18,301
		Vin Bar, LLC	7/26/2016	9/2/2021	50,000	0	50,000	<u>\$50,000</u>
Sub-Total Micro Capital Fund								\$131,715
Portland Business Fund Fund 274 (CIP/Unrestricted):								
6597	1458	Back Cove School	8/29/2014	9/1/2019	55,000	0	55,000	\$43,035
6786	1487	RAIN Management, LLC	4/16/2015	7/1/2020	60,000	0	60,000	\$55,848
6828	1500	Poplar & Co., LLC	6/5/2015	10/1/2022	37,500	0	37,500	\$33,847
6868	1512	Billdotcom, LLC	8/29/2015	9/1/2022	102,500	0	102,500	\$100,244
		Skunk Ape, LLC	7/21/2016	8/1/2023	75,000	0	75,000	<u>\$75,000</u>
Sub-Total PBF (Bonds/CIP Unrestricted)								\$307,974
Creative Economy Fund 271 (UDAG/Unrestricted):								
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	0	26,000	<u>\$6,276</u>
Sub-Total Creative Economy Fund								\$6,276
FAME Fund 277:								
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	0	61,000	\$52,391
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	\$44,462
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	83,333	0	83,333	\$57,370
6692	1475	Maine & Loire LLC	12/30/2014	1/1/2020	45,000	0	45,000	\$32,861
6784	1485	SB & LC Properties, LLC	4/6/2015	5/1/2020	101,200	0	101,200	\$98,297
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	132,954	0	132,954	\$115,478
6973	1524	Auto-Care, LLC	2/5/2016	3/1/2021	32,500	0	32,500	\$31,687
7029	1533	BayCycle	5/13/2016	9/1/2023	20,000		20,000	<u>\$19,908</u>
Sub-Total FAME Fund								\$481,660
FAME SSBCI 279:								
5836	1340	251 Woodford Street LLC	8/31/2012	9/1/2017	165,000	0	165,000	\$139,772
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	0	165,000	\$47,553
6199	1390	Inn at Diamond Cove LLC	7/10/2013	7/1/2018	200,000	0	200,000	\$174,401
6867	1511	Billdotcom, LLC	8/19/2015	9/1/2022	92,500	0	92,500	<u>\$90,464</u>
Sub-Total FAME SSBCI								\$452,190
Real Estate Investment Fund 271(UDAG/Unrestricted):								
6104	1378	McCuda, LLC	4/19/2013	4/1/2018	200,000	0	200,000	<u>\$178,665</u>
Sub-Total RE Invest								\$178,665
Brownfields Loan Fund 278								
6555	1457	Forefront Partners, LP	7/30/2014	2/1/2020	200,000	0	200,000	<u>\$175,710</u>
Sub-Total Brownfields								\$175,710
Grand Total Loans						0	<u>2,651,333</u>	\$2,147,955
Allowance for uncollectable loans at 15%								\$322,193
Total with Allowance for uncollectable loans:								\$1,825,762

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

8/5/2016

Loan	Payment Past Due	# of Payments	# of Days Past Due¹	Outstanding Principal Balance	# of Times Past Due In Last 12 Reports (excluding present mo.)
Back Bay Skate	\$478	2	61	\$3,725	11
Back Cove School	\$790	1	31	\$43,035	10
Damiak's Bakery, LLC	\$478	1	31	\$18,301	10
Eastman Industries	\$6,675	15	458	\$29,208	12
Eastman Industries	\$6,675	15	458	\$29,208	12
North Atlantic	\$814	1	31	\$44,462	1
Nova Star Cruises	\$28,094	9	274	\$151,274	10
Pachanga	\$842	2	61	\$3,739	7
Portland Trading Co.	\$7,827	27	823	\$14,138	12
Studio Management Corp.	\$1,975	4	122	\$6,276	12
Veranda Asian Market ²	\$955	1	31	\$13,031	12
TOTALS:	\$53,379			\$309,636	

¹Reflects 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.

²Paid July on August 5th

**Portland Development Corporation
Preliminary Cash Management Report
For Month Ending July 31, 2016**

	CIP				UDAG	FAME	SSBCI	Brown-field	Year-to-Date				Business Assistance Grant Prgrm for Job Creation-FY16	
	272		274		(Unrestricted) Loans/Grants	277	279	278	Principal/Interest					
	Restricted	Unrestricted	CIP						Unrestricted	UDAG	SSBCI	FAME		Bmflid
			Restricted	Unrestricted										
	TOTAL													
Beginning Cash Bal. July 1, 2016	245,685	112,365	584,883	109,968	469,090	326,558	1,848,549					100,000		
BAP Funds from prior round:												5,713		
Plus:														
Principal payments received	13,689	1,897	2,622	3,792	7,593		1,490	1,897	2,622	3,792	7,593	0		
Interest payments received from loans	1,040	1,152	1,229	2,058	1,434		487	1,040	1,152	2,058	1,434	0		
Interest Income					121						121			
Other Income/Adjustments											0			
Pass Through From FAME SSBCI														
Sub-Total Cash Available	260,413	115,414	588,733	115,818	478,237	326,558	1,886,174	14,728	3,049	3,850	9,147	0		
Less:														
FAME Annual Admin. Fee; Invoices														
Disbursements - Loans/PDAP Grants		(73,401)	(48,863)											
Sub-Total Cash Available:	260,413	42,013	539,870	115,818	478,237	326,558	1,762,910							
Less Reserves for:														
Beautification Program (EC0301)			(72,000)											
PEDPIP Fund FY15 Commitments not yet paid			(32,174)											
PEDPIP Fund FY16 Commitments not yet paid (capped at \$52,130)			(22,300)											
Portland Dev. Action Grant (EC0302)			(68,287)											
Transfers not yet recorded (UDAG Int)			(1,229)											
BAP Grants												-95,000		
Used for Administration												-713		
Total Ending Loan/Grant Cash Bal.	260,413	42,013	343,881	115,818	478,237	326,558	1,566,920					10,000		

Bal. of Unrestricted/Uncommitted Funds as of 7/1/16:	483,308
PEDPIP Cap for FY16 (as of 7/1/2015) at 10% of above:	48,331
PEDPIP Commitments for FY17 to date:	0
	48,331

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

Business Assistance Grant Program for Job Creation - FY2015/2016			
Prior Round Funds Available:	\$5,000	Admin:	\$713
FY2016 Grant Funding Available:	\$100,000		
		Date	Jobs
Grantee/Grant Approved	Grant Amount	Approved	Funded
Forq Food Lab	\$10,000	12/17/2015	1
Auto-Care LLC	\$10,000	4/21/2016	1
Swallowtail Farm	\$20,000	4/21/2016	2
Buoy Local	\$10,000	5/19/2016	1
VinBar, LLC	\$20,000	5/19/2016	2
Bella Corp.	\$20,000	5/19/2016	2
Cakeworks, Inc.	\$5,000	6/16/2016	1
Union Bagel Co.	\$10,000	6/16/2016	1
Total Approved:	\$105,000		11
Buoy Local - Not Using Grant	\$10,000		
Balance of Funds Available:	\$10,000		

Portland Economic Development Implementation Program		
FY2017 Grant Funding Available:	\$48,831	
Grantee/Grant Approved	Grant Amount	Date Approved
Total Approved:	\$0	
Balance of Funds Available:	\$48,831	