Portland, Maine Yes. Life's good here.

PORTLAND DEVELOPMENT CORPORATION

Board Meeting

DATE: Thursday, May 19, 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 April 21, 2016.

3. Review and vote on Business Assistance Grant Application for Job Creation from:
   a) Buoy Local, 533 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 on loan and Business Assistance Grant Applications for Job Creation from:
   a) Bella Corp., 111 Middle Street; and,
   b) RossoBianco, 3 Deering Avenue

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

5. Review and recommendation for City staff to apply for additional Business Assistance Grant Funds for Job Creation

6. Treasurer's Report – April 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.)

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

8. Next Meeting Date: June 16, 2016.

Barry Sheff, Board President

Minutes

Portland Development Corporation

April 21, 2016

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, April 21, 2016 at 4:00 p.m. in Room 209 of Portland City Hall. Present from the Board was Director Jere Shaw, who chaired the meeting, and Directors Tim Agnew, Shelley Carvel, Neil Kiely, Jess Knox, Heather Sanborn, and Mayor Ethan Strimling. Directors not able to attend: Jon Jennings, Dennis Martin, Barry Sheff, and Drew Swenson. Present from the City staff were Associate Corporation Counsel Michael Goldman, Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell (arriving as noted herein), and Senior Executive Assistant Lori Paulette. Also present was the PDC Loan underwriter consultant Vin DiCara.

Item #1: President's Comments

Mr. Shaw noted that Board President Sheff could not be present, so he would be chairing today's meeting.

Mr. Shaw then handed out an article about PDC Loan recipient Roustabout – copy attached.

Item #2: Review and accept Minutes of previous meeting held on January 21, 2016.

On motion made and seconded, the Board voted 4-0-2 (Kiely, Sanborn abstained) to accept the Minutes as presented.

Item #3: Review and vote on Business Assistance Grant Applications for Job Creation from:

a) Auto-Care LLC, 1041 Ocean Avenue; and,

b) Swallowtail Farm and Creamery, 84 Cove 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.

Auto-Care LLC, 1041 Ocean Avenue: Ms. Hanig introduced the first Business Assistance Program (BAP) grant application as being a PDC Loan client – Auto-Care LLC/Joseph Hatungimana, owner. Auto-Care was provided a loan of $32,500 for the purchase of machinery and equipment and renovations to his newly acquired Auto-Care garage. He is now returning requesting a job creation grant of $10,000 as he would like to hire an employee to perform auto-body repair.

Mr. Hatungimana thanked the Board for reviewing this request. He described his background as a mechanic starting out in Africa, moving to Maine in 2010, starting his business Auto-Care LLC in leased space at 1041 Ocean Avenue, which property he now owns. If this BAP is granted, he would use it to hire an employee for auto-body repair and painting.

Mr. Keily asked if he could hire such an employee at the $10.10/per hour rate, and Mr. Hatungimana indicated that he could. If the employees does a good job, he would increase the pay.

Ms. Hanig added that the location of this business is within walking distance of a bus line, about a mile away. Mr. Hatungimana indicated that he could pick up the employee at the bus stop.

Seeing no further questions/comments, Chair Shaw thanked Mr. Hatungimana and noted that the Board would now review the second BAP request.

Swallowtail Farm and Creamery, 84 Cove Street: Ms. Hanig introduced this item noting the Swallowtail Farm is located in North Whitefield, Maine and has been selling its products at the Portland and Brunswick Farmers' Markets for a number of years. Last Fall, Lauren and Sean Pignatello, its owners, leased 84 Cove Street in East Bayside which now houses the Winter Farmers' Market and will shortly house a production facility and retail operations for Swallowtail Farm. The Farm is seeking a $20,000 BAP grant to help them create two new full-time jobs to work at this facility. Ms. Hanig then introduced Lauren Pignatello.

Ms. Pignatello thanked the Board for reviewing this request. They have been operating the farm in Whitefield since 2007. With the 3,600 sq. ft. at 84 Cove Street, and the 5-year lease, with a 5-year renewal, Swallowtail can increase production of natural, healthy, and locally produced artisanal food and other products. The kitchen was recently licensed, and they obtained their business license three weeks ago. They will produce and package products for retail, as well as wholesale. The employees would be trained starting at $10.00 per hour.

Ms. Sanborn asked about the Scale Up program, and Ms. Pignatello said that she is working with Gerry Brown at Scale Up on their finances, as well as participating in their business classes. She is also receiving guidance from a business counselor at the Small Business Development Center.

Chair Shaw asked about an onsite manager, as well as if they would sell unpasteurized milk. Ms. Pignatello indicated that she would be the manager 3 days a week, and her husband would be the manager 2 days a week, and they would sell unpasteurized milk.

Chair Shaw noting no further questions, said that the Board would next review the loan requests.

Item #4: Review and vote on loan applications from:

a) **Injac Motors, 220 Riverside Street**
b) **Big Jay's, 4 Thompson's Point Road.**

Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the

<u>Board will go into executive session to review proprietary information.</u>

Injac Motors, 220 Riverside Street: Ms. Hanig said that Injac Properties LLC is requesting a loan of $122,000 to assist with financing the acquisition and renovation of property at 220 Riverside Street for a startup car repair and used car sales business. Igor Injac, the sole owner of the real estate (Injac Properties LLC) and the operating business (Injac Motors LLC, d/b/a Riverside Auto Sales and Service), has had 15 years of experience as a mechanic in Serbia. When he emigrated to the U.S. in 2003, he worked as a boat mechanic, and from 2006 to the present has worked as a mechanic and the service manager for Alan Auto Volvo Service. His brother, Nikola Injac, will focus on the used car sales part of the business. She then introduced Igor Injac.

Mr. Injac said that Ms. Hanig gave the background very well. He added that this opportunity to purchase came up about two months ago, and he had been looking for quite a while for the right place. He is confident in what he can do and asked if there were any questions.

Ms. Carvel asked about running the financial side of this business, and Mr. Injac said that he just hired an accountant and bookkeeper. He is good at organizing finances and looked forward to working with quickbooks and the accountant.

Mr. Keily asked about his continuing his job as Service Manager at Alan Auto Volvo, and Mr. Injac described how he would balance his time between both Alan Auto and his business, eventually leaving Alan Auto when his business ramps up.

Chair Shaw asked about the used car sale side of the business, and Mr. Injac said that the location is a busy street and will have a modest-sized investment for the used car inventory.

Mayor Strimling asked about investment to purchase used cars, and Mr. Injac said that he estimates this investment at $10,000 per car.

Chair Shaw, noting no further questions/comments, said that the Board would next hear about the second loan request.

Big Jay's, 4 Thompson's Point Road: Ms. Hanig said that Skunk Ape LLC, d/b/a Big Jay's, is requesting a loan of $150,000 to assist in the startup of a 100-seat restaurant specializing in fried chicken and waffles to be located on Thompson's Point. Customers are expected to draw from other businesses opening shortly, as well as from concerts in the warmer months and skaters in the Winter. She then introduced Jason Loring and Mike Fraser.

Mr. Loring thanked the Board for reviewing this request to start Big Jay's at Thompson's Point in the Brick North building. He described his background and aspects of Big Jay's, which will serve not only fried chicken and waffles but other items as well including sandwiches, salads, etc. Mr. Loring noted that that in addition to drawing customers from Thompson's Point businesses, it will also serve the area neighborhood.

Mr. Knox asked how the 100-seat restaurant compares with their other restaurants, and Mr. Loring said that others range from 50 to 125 seats.

Mr. Fraser indicated that they used 100 seats in developing their business plan.

Mr. Agnew asked about cash flow positive on their other projects/restaurants, and Mr. Fraser said that they are positive. The projected numbers for this one are very conservative, noting that they don't borrow more than they can service.

Mr. Agnew asked if they had approached the three other owners of Skunk Ape for personal guaranties, and Mr. Loring indicated that will they will not provide personal guaranties.

Chair Shaw, noting no further questions/comments, thanked them and noted the Board would now go into executive session to review the BAP and Loan requests. They can either wait outside of the room and come back in when the executive session was over, or Ms. Hanig would contact them either after the meeting or tomorrow.

At approximately 4:43 p.m., the Board went 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 of the BAP and loan requests. At approximately 5:36 the Board came out of executive session. Mayor Strimling had to leave the meeting at 5:00 p.m.

Item #5: Review and vote on PEDPIP Application from Creative Portland ~~for "Maine Startup and Create Week"~~ (Per Jess Knox, the Agenda should have read "on behalf of Portland Media Group and Maine Accelerates Growth (MxG)"

Mr. Con Fullam representing Portland Media Group and its Greenlight Series as part of Maine Accelerates Growth (MxG) – a non-profit initiative - described various productions of the Portland Media Group. He then described Greenlight Maine, a state-wide television series broadcast weekly Saturday evenings following Bill Green's Maine. The series is dedicated to the exposure, elevation, and expansion of entrepreneurship in Maine with contestants vying for a cash prize of $100,000. The final event will be broadcast live from Merrill Auditorium with the top 3 contestants vying for that cash prize. This is a fitting culmination of Maine Start Up and Create Week and he is asking for PEDPIP sponsorship with the grant request for $15,000.

Mr. Keily asked about the connection and benefits to Portland. Mr. Fullam said that it is an opportunity to shine a light on Portland to a state-wide audience.

Mr. Agnew complemented Mr. Fullam on the Greenlight Series but questioned whether it was eligible for PEDPIP grant funds as these grant funds are not for private companies. Mr. Fullam said the Portland Media Group is the producer of the show; Creative Portland is the presenting group.

The Board discussed the merits and its eligibility, noting that Creative Portland is eligible, and that its merits for Portland will highlight Portland as an entrepreneurship hub. A category in the ED Plan is marketing, promotion, and branding. The Board discussed the PEDPIP Grant to Creative Portland being used to pay for costs of Merrill Auditorium only, with an appropriate match shown being paid for other costs. It was also noted that Creative Portland worked with Portland Media Group to have the event here, and Mr. Mitchell said that he was comfortable with Creative Portland's role in this request.

On motion made and seconded, the Board voted 4-1 (Shaw) – 1 (Knox abstained) to approve a PEDPIP in an amount to be determined by staff to cover costs of use of the Merrill Auditorium, with the appropriate match requirements.

BAP Request from Auto-Care LLC: On motion made and seconded, the Board voted unanimously to approve a $10,000 BAP grant, noting no issue with the bus stop being a mile from the business.

BAP Request from Swallowtail Farm: On motion made and seconded, the Board voted unanimously to approve a $20,000 BAP grant.

Loan Request from Injac LLC: Chair Shaw noted that he would abstain from voting as his employer is involved with the loan. On motion made and seconded, the Board voted 5-0-1 (Shaw abstained) to grant a loan to Injac LLC on the terms and conditions as recommended, with an additional condition that Igor Injac obtain financial business counseling, as approved by staff.

Big Jay's: On motion made and seconded, the Board voted unanimously to approve a loan of $75,000 on terms and conditions as recommended, subject to the condition that as long as the PDC is getting paid, then the private lender can get paid.

Chair Shaw recommending tabling the Treasurer’s report due to the time of 6:20. The Board concurred and the meeting was then adjourned.

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: May 15, 2016

RE: **Status of Business Assistance Program Funds/Approval to Seek New Funds**

SUMMARY

The Business Assistance Program for Job Creation (BAP) funds of $100,000 from Round 2 have all been approved for grants, except for about $4,800 being held to cover underwriting invoices still coming in. For the Round 3 funds of $100,000 (FY2015-2016), three grants have been approved by the PDC for a total of $40,000. They include:

Forq Food Lab ($10,000);
Auto-Care LLC ($10,000);
Swallowtail Farm ($20,000).

With $60,000 remaining, the PDC Board will be presented with three more requests for BAP grants at its May meeting for a total of $50,000. They are as follows:

Bella Corp ($20,000);
RossoBianco ($20,000;
Buoy Local ($10,000).

Should those requests be approved, $10,000 will remain for one last BAP grant. An application requesting $10,000 has just been submitted to staff and will be presented at the PDC's June meeting.

RECOMMENDATION

The BAP has become a popular program among the City's startups and growing businesses, helping them create new jobs for low/moderate income Portland residents. Staff is seeking the PDC's approval to apply for new funds to recapitalize BAP when Community Development Block Grant applications are again accepted in the Fall.

Portland Development Corporation
Operating Report FY16
For Month Ending
4/30/2016

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	36	217	37.7%	358
Postage	300		28	9.3%	272
Travel, Training, Meetings	4,000		3,142	78.6%	858
Contractual services	10,500		835	8.0%	9,665
Operating Transfer to Fin.	9,647		9,647	100.0%	0
Advertising	2,000		1,522	76.1%	478
Auto Expense Reimb.	100		0	0.0%	100
Printing & Binding	650		502	77.2%	148
Office Supplies	750	44	457	61.0%	293
			0		
Total FY16 Expenditures	**28,522**	**80**	**16,350**	**57.3%**	**12,172**

Expenditures:

Administrative Services	Credit Reports
Office Supplies	Various

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending April 30, 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	$0
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	130,000	0	130,000	$113,783
		Sub-Total PBF (Bonds/CIP Restricted)						**$156,685**
		Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
5708	1438	Veranda Asian Market LLC	4/19/2012	4/1/2017	50,000	0	50,000	$14,809
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	0	12,500	$3,917
6113	1379	EcoHome Studio, LLC	4/11/2013	4/1/2018	15,000	0	15,000	$6,663
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	$29,761
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	25,000	0	25,000	$19,102
		Sub-Total Micro Capital Fund						**$91,828**
		Portland Business Fund Fund 274 (CIP/Unrestricted):						
6597	1458	Back Cove School	8/29/2014	9/1/2019	55,000	0	55,000	$45,676
6786	1487	RAIN Management, LLC	4/16/2015	7/1/2020	60,000	0	60,000	$56,633
6828	1500	Poplar & Co., LLC	6/5/2015	10/1/2022	37,500	0	37,500	$34,490
6868	1512	Billdotcom, LLC	8/29/2015	9/1/2022	102,500	0	102,500	$100,982
		Sub-Total PBF (Bonds/CIP Unrestricted)						**$237,781**
		Creative Economy Fund 271 (UDAG/Unrestricted):						
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	0	26,000	$7,631
		Sub-Total Creative Economy Fund						**$7,631**
		FAME Fund 277:						
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	0	61,000	$52,662
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	$46,229
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	83,333	0	83,333	$62,695
6692	1475	Maine & Loire LLC	12/30/2014	1/1/2020	45,000	0	45,000	$34,975
6784	1485	SB & LC Properties, LLC	4/6/2015	5/1/2020	101,200	0	101,200	$99,688
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	132,954	0	132,954	$117,324
6973	1524	Auto-Care, LLC	2/5/2016	3/1/2021	32,500	0	32,500	$32,296
		Sub-Total FAME Fund						**$475,077**
		FAME SSBCI 279:						
5836	1340	251 Woodford Street LLC	8/31/2012	9/1/2017	165,000	0	165,000	$146,652
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	0	165,000	$62,043
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	$91,130
		Sub-Total FAME SSBCI						**$474,814**
		Real Estate Investment Fund 271(UDAG/Unrestricted):						
6104	1378	McCuda, LLC	4/19/2013	4/1/2018	200,000	0	200,000	$180,209
		Sub-Total RE Invest						**$180,209**
		Brownfields Loan Fund 278						
6555	1457	Forefront Partners, LP	7/30/2014	2/1/2020	200,000	0	200,000	$180,122
		Sub-Total Brownfields						**$180,122**
		Grand Total Loans				**0**	**2,451,333**	**$1,955,421**
		Allowance for uncollectable loans at 15%						$293,313
		Total with Allowance for uncollectable loans:						**$1,662,108**

CITY OF PORTLAND, MAINE
PORTLAND DEVELOPMENT CORPORATION
DELINQUENCY REPORT
MONTH ENDING APRIL 30, 2016

5/9/2016

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.)
251 Woodfords LLC[2]	$1,089	1	30	$142,728	2
Back Bay Skate	$239	1	20	$3,917	12
Back Cove School	$1,186	1.5	60	$45,676	8
Browne Trading[3]	$1,631	1	30	$61,521	4
Damiak's Bakery, LLC	$478	1	30	$19,102	9
Eastman Industries	$5,340	12	366	$29,208	11
Eastman Industries	$5,340	12	366	$29,208	11
Eco Home Studios[4]	$283	1	30	$6,140	1
Fermentation & Distillation[5]	$3,152	1	30	$56,348	0
Museum of African Culture	$3,049	28	820	$13,693	12
Nova Star Cruises	$18,729	6	182	$151,274	7
Pachanga	$421	1	20	$3,739	8
Portland Trading Co.	$6,957	24	731	$14,027	12
SB & LC	$725	1	30	$99,688	6
Studio Management Corp.	$1,975	4	121	$7,631	12
Veranda Asian Market[6]	$955	1	30	$14,809	12
TOTALS:	**$46,448**			**$444,866**	

[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 April and May 5/5/2016
[3]Paid April 5/3/2016
[4]Paid April and May 5/3/2016
[5]Paid April and May 5/5/2016
[6]Paid April 5/5/2016

Portland Development Corporation
Cash Management Report
For Month Ending April 30, 2016

	CIP		UDAG	FAME	FAME	Brown-		Year-to-Date						Business Assistance Grant Prgrm for Job Creation-FY16
	272	274	271		SSBCI	field		Principal/Interest						
			(Unrestricted)	277	279	278		CIP		UDAG				
	Restricted	Unrestricted	Loans/Grants			(PET)	TOTAL	Restricted	Unrestricted	Unrestricted	FAME	SSBCI	Brnfld	
Beginning Cash Bal. Apr. 1, 2016	210,890	104,018	742,265	91,278	447,022	316,340	1,911,813							100,000
Plus:														
Principal payments received	30,294	1,689	3,660	2,320	634	1,422		107,036	12,469	60,253	35,317	185,571	14,284	
Interest payments received from loans	553	961	1,157	2,259	552	556		6,673	9,849	16,441	20,836	21,182	5,494	
Interest Income					111							964		
Other Income/Adjustments					179							1,104		
Pass Through From FAME SSCBI														
Sub-Total Cash Available	241,737	106,667	747,082	95,857	448,498	318,318	1,958,159	113,709	22,317	76,694	56,153	208,821	19,778	
Less:														
FAME Annual Admin. Fee; Invoices														
Disbursements - Loans/PDAP Grants			(17,869)			(609)								
Sub-Total Cash Available:	241,737	106,667	729,213	95,857	448,498	317,708	1,939,681							
Less Reserves for:														
Beautification Program (EC0301)			(72,000)											
PEDPIP Fund FY15 Commitments not yet paid			84,699											
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)			(16,441)											
BAP Grants														-40,000
Used for Administration														-5,000
Total Ending Loan/Grant Cash Bal.	241,737	106,667	634,884	95,857	448,498	317,708	1,845,351							55,000

Loan Commitments:	
Nova Star Cruises	15,068
Total:	15,068

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