Portland, Maine Yes. Life's good here.

PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: July 20, 2017
TIME: 4:00 p.m.
LOCATION: Room 209, 2nd Floor
Portland City Hall

A G E N D A

1. President's comments.

2. Review and accept Minutes of June 15, 2017 meeting.

3. Loan Items:
   a) Review and vote on new loan request from Auto Care, LLC, at 1041 Ocean Avenue
   NOTE: The Board will go into executive session pursuant 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to discuss and monitor proprietary information for the above.

4. Treasurer's Report – June 2017 – Tim Agnew
   a) Preliminary Monthly Administrative Budget Report
   b) Preliminary Cash Management Report
   c) Confidential 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 Report.

5. Communication: Development Action Grant Program

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

7. Next Meeting Date: August 17, 2017.

Drew Swenson, Board President

Minutes

Portland Development Corporation

June 15, 2017

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, June 15, 2017 at 4:00 p.m. in Room 209 of Portland City Hall. Present from the Board were Board President Drew Swenson and Directors Tim Agnew, Shelley Carvel, Jon Jennings, Jed Harris, and Jere Shaw. Directors Dennis Martin, Heather Sanborn, Barry Sheff, and Mayor Ethan Strimling were not able to attend. 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. Also present was PDC loan underwriter Matt Buonopane.

Item #1: President's Comments

President Swenson described the Board's process to the loan applicants in that the Board would first hear presentations in public session, then go into executive session to review proprietary information, and then come out of executive session and vote.

President Swenson noted that the Board would lose its quorum at 5:15; therefore, he suggested that Item #4 be postponed and the Board concurred.

Item #2: Review and accept Minutes of previous meeting held on May 25, 2017.

Mr. Shaw noted that in the section where the Board was discussing PEDPIP Grant requests and the guidelines for the grants, the Minutes, on p. 9 of 10 read: "Mr. Shaw said that the Guidelines allow for projects that make sense." He would like to amend that to read: "Mr. Shaw said that the Guidelines allow for projects not listed in the current

Work Plan but are determined by this Board to be related to the implementation of the Plan."

A motion was then made and seconded to accept the Minutes as amended; this motion passed unanimously.

Item #3: Loan items:

a) **Review and vote on new loan request from Wallace James Clothing Co., 54 Cove Street;**
b) **Review and vote on new loan request from New England Touring Co.; and,**
c) **Loan monitoring for Poplar & Co. LLC loan.**

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 discuss proprietary information and loan monitoring.

President Swenson requested that the Board take Item #3(b) first, noting that the loan applicant needs to be brought in via conference call at 4:00 as he teaches Driver's Education in Augusta at 5:00; the Board concurred.

Item #3(b): New England Touring Co. Loan Request

Ms. Hanig said that New England Touring Co. (NET) is requesting a loan of $66,500 to be used for the purchase of ten Segway transportation units, working capital, and some start-up costs. Ms. Hanig noted that the Segways would be on the streets and not on sidewalks, and the City of Portland does not now have these as modes of transportation.

Mr. Jennings said that he has significant concerns on the impact this would have on the City.

Ms. Hanig then brought in NET owner, Glen Soucie, via conference call.

Mr. Soucie thanked the Board for its consideration of this request and noted his background as a master driver safety trainer for a number of years. He has been interested in starting this Segway business for over 7 years and is now at the point to have it be open for business. Mr. Soucie said that there is a market in Portland for this business. He would be the only one in Maine so there is no competition. World-wide, the Segway business is a $5 Trillion business, and over $1 Billion in the United States with over 1,000 Segway tour operators. Mr. Soucie described the appeal of Segways to experience the City up close, covering a lot of ground – more than walking and biking. It is most popular to those in the 42-55 year-old range. He would provide 5 tours a day. The industry is growing and Mr. Soucie noted that his goal is to have 7 locations over the next 10 years in the New England area.

Ms. Carvel asked what he would do if the Board does not approve the loan, and Mr. Soucie said he would find other avenues. He noted that he has invested a lot of time and money over the last year and would not give up on establishing the business.

Mr. Harris asked if the seller of Segways offers any financing, and Mr. Soucie indicated in the negative.

Mr. Agnew asked about his plan to market the business, and Mr. Soucie indicated that it would include marketing components such as advertising on the Segways themselves; employees periodically going through the City on the Segways; contacting businesses within 10 miles of his location; website, and Facebook – noting that it recently had 25 hits in one day. People want these tours because they are personal.

Mr. Jennings asked him to describe tours and their destinations, as well if the tours would leave Portland at all. Mr. Soucie said that he would have an Executive Tour in the mornings at 9:00, and a Portland Sunset Tour at 6:30 p.m., both of which would be two hours that would go from the Eastern Prom to Deering Oaks, to the Western Prom, past Victoria Mansion, along Congress Street – noting the Longfellow House, Old Port, and back to the beginning. There would also be the Oceangate Tour - a one hour tour offered at 12:00, 2:00, and 4:00 p.m. None of these tours would leave Portland.

President Swenson then described the process to Mr. Soucie in that the Board would first hear presentations in public session, then go into executive session to review proprietary information, and then come out of executive session and vote. The Board will now hear from its next loan applicant, and then go into executive session to discuss proprietary information of each loan applicant.

Mr. Soucie thanked the Board for their time and would look forward to hearing back from Ms. Hanig. The conference call then ended.

Item #3(a): Loan request from Wallace James Clothing Co.

Ms. Hanig said that the Wallace James Clothing Company (WJ) is seeking a loan of $100,000 for the purchase of machinery and equipment, both new and leased, and space fit up. WJ has been in business since September 2016 offering independent clothing designers domestic small run capability, that is, design, development, and production services. This reduces the risk inherent in mass production factories. WJ also provides education into the process of producing garments for those who want to oversee all facets of creation of their product line. Ms. Hanig then described its location at 54 Cove Street and introduced WJ's owner Kim Ortengren.

Ms. Ortengren thanked the Board and introduced her Operations Manager with her today Kate Harnden. Ms. Ortengren said that she majored in design in college, and then described her background as first working for large designer in Manhattan, then product line development for a ski apparel company, traveled overseas to tour factories, and then recently relocated back to her native Maine and worked with the Maine College of Art. When she left MeCA, she had a one-year no compete clause so she decided she wanted to start WJ which is an incubator/educator model. There is a major need here for this business model and then described the process from start to finish for their clients – from design to production all under one roof. WJ also advises on how to produce for the mass market.

Ms. Harnden described her background and went to WJ because she wanted to be educated here in the business. With its incubator/educator model, she noted that five clients are now starting their own business. WJ is 100% woman-owned and operated, with all of their clients wanting to create and produce in the United States, and averages 2 to 5 new clients a week. Currently, work is now booked out to September/October.

Ms. Ortengren noted that she is working with Sea Bags and would need to invest in a specialized machine, as well as invest a specialized machine for athletic wear.

Mr. Shaw asked about the name of the company, employee levels, buying the lease out, and timing. Ms. Ortengren said that name comes from a family pet, and she has 5 employees, with 4 being immigrants. Regarding the lease buy out, Ms. Ortengren said that it has a high interest rate of 23%. It will benefit operations costs by choosing to buy it out. If this loan approved, they will start its ramp up immediately.

Ms. Carvel asked about working with banks to establish credit. Ms. Ortengren said that they are choosing to invest in the business locally and would like to use a more local financer.

Mr. Agnew asked who WJ's clients are and how they pay. Ms. Ortengren said their clients are emerging designers and established independent designers. WJ provides an invoice for the project and receives 50% deposit on the entire invoice, then 25% at first garment fitting – generally 3-5 weeks after deposit, and the final 25% is due upon pickup of the completed project – generally around the 3-month mark. Ms. Ortengren said that WJ is passionate about all work being done in the U.S.

Mr. Harris asked about the term of the lease, and Ms. Ortengren indicated that there is 8 years remaining.

President Swenson asked if she had an advisory board and growth at the location, and Ms. Ortengren noted she does not formally have an advisory board but has mentors she trains with. She then noted that the location they are in has room for growth.

President Swenson asked about next steps if this loan were not approved, and Ms. Ortengren said that they would move forward but in smaller steps.

Noting no further questions, President Swenson said that the Board would now go into executive session to review the loan requests.

On motion made and seconded, the Board voted unanimously at approximately 4:55 to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to review and discuss proprietary information for the loan requests from NET and WJ, and loan monitoring for the loan to Poplar & Co. LLC. At approximately 5:14, the Board came out executive session.

New England Touring Loan Request

A motion was made and seconded to approve the loan upon the terms and conditions recommended by staff. President Swenson asked for a vote on the motion and it failed (0-6).

President Swenson noted that the Board felt this loan request was premature.

Wallace James Loan Request

Mr. Shaw noted that a $100,000 loan is a lot of money for a start-up; therefore, the Board’s recommendation was that it would approve a $100,000 loan with an adequate guarantor; if not, it would approve a $50,000 loan.

Mr. Jennings inquired if WJ needed this new equipment now to satisfy the backlog, and Ms. Ortengren answered in the affirmative, noting that she had no idea the business would grow as fast as it has. She would be fine with finding an adequate guarantor for a loan of $100,000.

President Swenson indicated that staff can determine the adequate guarantor.

Mr. Agnew said that he had a potential conflict so would abstain from voting.

Mr. Jennings congratulated WJ on their business model and wished them the best.

On motion then made and seconded, the Board voted 5-0-1 (Agnew abstained) to extend a loan of $100,000 on the terms and conditions as recommended, with an additional condition for an adequate guarantor as determined by staff.

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

Respectfully, Lori Paulette

Portland Development Corporation
Preliminary Draft Operating
Report FY17
For Month Ending
6/30/2017

Operating transfer from EDF **28,522**

Total Funds Available **28,522**

FY17 Expenditures	Budget	Current Month	Year to Date	Percent of Budget	Balance
Administrative Services	575	67	296	51.4%	279
Postage	300	0	118	39.3%	182
Travel, Training, Meetings	4,000	0	2,815	70.4%	1,185
Contractual Services	10,500	5,931	7,190	68.5%	3,310
Operating Transfer to Fin.	9,647	0	9,647	100.0%	0
Advertising	2,000	0	1,300	65.0%	700
Auto Expense Reimb.	100	0	0	0.0%	100
Printing & Binding	650	0	537	82.6%	113
Office Supplies	750	126	753	100.4%	(3)
Total FY17 Expenditures	**28,522**	**6,123**	**22,655**	**79.4%**	**5,867**

Expenditures this month:	
Administrative Services	Credit Reports
Contractual Services	Loan Underwriters
Office Supplies	Various

Portland Development Corporation
Preliminary Cash Management Report
6/30/2017

			UDAG	FAME	FAME	Brown-	Brown-		Year-to-Date							
	CIP		271		SSBCI	field 1	field 2		Principal/Interest							
	272	274	(Unrestricted)	277	279	278	280		CIP		UDAG					
	Restricted	Unrestricted	Loans/Grants					TOTAL	Restricted	Unrestricted	Unrestricted	FAME	SSBCI	Brnfld 1	Brnfld 2
Cash Bal. Beginning of Reporting Mo.	264,523	125,610	471,339	357,509	543,827	335,026	1,488	2,099,322							
Plus:															
Principal payments received	1,263	1,941	11,354	11,251	5,857	2,972	247		37,898	76,447	85,124	81,873	64,010	17,856	0
Interest payments received from loans	372	1,473	3,367	3,059	2,659	983			7,571	15,780	25,534	37,859	23,012	5,874	0
Interest Income													1,398	924	0
Other Income/Adjustments		-113											1,000		0
Pass Through From FAME/SSCBI				46,000											
Sub-Total Cash Available	266,158	128,911	486,060	417,818	552,343	338,981	1,735	2,192,007	45,469	92,227	110,658	119,731	89,420		0
Less:															
FAME Annual Admin. Fee; Invoices															
Disbursements - Loans/PDAP Grants			(25,469)	(46,000)			(1,734)								
Sub-Total Cash Available:	266,158	128,911	460,591	371,818	552,343	338,981	1	2,118,804							
Less Reserves for:															
Beautification Program (EC0301)			(72,000)												
PEDPIP Fund Commitments thru FY16			(53,435)												
PEDPIP Fund FY17 Reserve (capped at			(41,176)												
Portland Dev. Action Grant (EC0302)			(43,287)												
Transfers not yet recorded (UDAG Int)															
BAP Grants															
Used for Administration															
Total Ending Loan/Grant Cash Bal.	266,158	128,911	250,693	371,818	552,343	338,981	1	1,908,906							

Bal. of Unrestricted/Uncommitted Funds ao 7/1/16:			483,308
PEDPIP Cap for FY17 (ao 7/1/2016) at 10% of above:			48,331
PEDPIP Commitments for FY17 to date:	48,331		0

Economic Development Department
Gregory A. Mitchell, Director

To: President Drew Swenson and PDC Board Members
From: Nelle Hanig, Business Programs Manager
CC: Greg Mitchell, Economic Development Director
Date: July 17, 2017
RE: **Portland Development Action Grant (DAG) Funds**

This memo is a communication to the PDC on the Development Action Grant (DAG) component of the Portland Development Action Program. It is being presented as a discussion item at this time.

OVERVIEW
Portland Development Action Program mainly provides grant assistance for public infrastructure known as the Development Action Grant (DAG). A list of all DAG recipients is attached to this memo. The other component of the Program is for loan assistance through project-specific bond issues to stimulate major development projects on the Peninsula. It has been used only once to assist the Maine College of Art with its acquisition of the Porteous Building on Congress Street. That loan has since been paid back in full.

A PDC Committee composed of volunteers board members Tim Agnew, Barry Sheff and Chip Martin met to consider modifications to the public infrastructure grants. After meeting and proposing some modifications to the Portland Development Action Program guidelines, these were to be presented at the PDC meeting in June. It turned out that time ran out on what was a packed agenda so this item was not addressed.

This may have been for the best as staff realized a few days before the meeting that just $43,387 remained in the fund for infrastructure grants. Staff emailed the PDC Committee members that were in town (Mr. Agnew and Mr. Sheff) with this information. Mr. Martin was away on vacation. As President of the Board, Drew Swenson was also included on this email. The email addressed the funding challenge, that is, whether to recommend to the PDC dissolving the grant component of the program once the remaining $43,387 is granted or potentially approving use of PDC's loan funds to recapitalize it.

HISTORY OF FUNDING SOURCES
The history of funding sources for the DAG was explained in that email as follows: When the program was created, the Council provided Capital Improvement Funds (CIP) for the infrastructure grants. Over time a total of $875,000 in CIP funds was used. When those funds ran out, the PDC provided $128,000 from its UDAG loan funds with the Council's approval. Then in 2014, an additional $56,000 in UDAG funds were moved (from the Unrestricted Fund) into the Program by the PDC. To date $184,000 of UDAG loan funds have been invested in the Program, with $43,387 remaining.

COMMITTEE CONSENSUS
The consensus from Mr. Agnew, Mr. Sheff and Mr. Swenson was to leave the DAG guidelines as they are until the money runs out. They were not in favor of a financial appropriation from the PDC loan funds to recapitalize the DAG. Following PDC Board discussion, staff would draft a communication from the PDC regarding its position on this matter to be provided to the City Council.

Development Action Grants Approved from Inception to June 2017

Recipient	Date	DAG Amount	Infrastructure	Location
Jelin Industrial	Jan-94	$10,780	Sidewalks	27 Pearl Street
Joe Malone	May-95	$15,000	Sidewalks	Middle Street/Hampshire to India
Tracy-Causer	Apr-96	$14,000	Sidewalks, curbing, trees	Fore and Center Strets
City of Portland	Apr-96	$160,000	Sidewalks	Cumberland and Elm
City of Portland	Jun-96	$100,000	Sidewalks; lighting; landscaping	Cumberland and Elm
A&M Partners (WL Blake)	Nov-97	$13,450	Sidewalks and curbing	13 Franklin Street
Landfall, LLC (Shipwreck & Cargo)	May-98	$15,267	Sidealks and curbing	205-207 Commercial Street
Giclee	Nov-98	$13,350	Sidewalks	51-53 York Street
ARI	Nov-98	$14,600	Sidewalks	23-25 Middle Street
City/Coastal Bank	Jun-99	$150,000	Street Widing/Traffic Improvements	Doubletree Hotel/Congress Street
SALT Institute	Jul-99	$8,000	Sidewalks	Exchange Street
Amato's	Apr-00	$20,800	Sidewalks, curbing, drain	India Street
Peggy & Eric Cianchette	Jun-00	$50,000	Sidwalks, curbing	Commercial Street
Olympia Equity Investors	Oct-00	$49,276	Sidwalks, curbing	Commercial Street
Marginal Holdings	Apr-01	$9,000	Traffic Upgrades	87 Marginal Way
Portland Harbor Hotel	Sep-01	$34,000	Sidewalks	468 Fore Street
Atlantic Bayside	Jul-02	$25,000	Sidewalks	Marginal Way/Salt Shed
Olympia Equity Inc	Jul-02	$25,000	Sidewalks	Commercial and Franklin St.
75 York St, LLC	Oct-03	$6,326	Sidewalks	75 York Street
Cumberland YMCA	Feb-06	$16,100	Sidewalks	231 High Street
A & M Partners	May-05	$25,000	Sidewalks	59-75 Washington Avenue
Bayside Ventures	Feb-06	$21,400	Sidewalks, street lights	63 Marginal Way
Chestnut Street Lofts	Feb-06	$20,700	Sidewalks	Chestnut Street
Olympia Investors	Jul-06	$7,031	Sidewalks	300 Fore Street
Becky's Diner	Jun-07	$10,192	Sidewalks	Commercial Street
Atlantic Bayside Trust	Apr-08	$25,000	Sidewalks, street lights	Marginal Way
Maine Historical Society	Feb-09	$25,000	Sidewalks	Congress Street
Bayside Ventures (Ptld Hall)	Jul-09	$25,000	Sidewalks	Congress Street
Baxter Library LP	Oct-09	$25,000	Electrical lines/storm drainage pipes	Congress Street
Portland Bowl LLC	May-10	$25,000	Sidewalks, street lights	Alder Street
Salebaan Motors, Inc.	Aug-10	$4,550	Sidewalks	St. John Street
Random Orbit	Nov-10	$4,734	Sidewalks	Congress Street
Press Hotel	Oct-13	$25,000	Sidewalks, curbing	Exchange Street
Cow Plaza	Apr-14	$25,000	Sidewalks, curbing, street lights	Fore and Union Streets
HOME	Dec-14	$6,827	Water Line (serving all retail in garage)	Temple Street Garage
Total:		$1,018,556		