Minutes
Portland Development Corporation
Remote Zoom Meeting
Held on February 16, 2023

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, February 16, 2023. Present from the Board were Directors Krista Cole, Eamonn Dundon, James Dowd, Councilor April Fournier, Blaine Grimes, Thomas Mitchell, and Kierston Van Soest. Directors Jeff Hicklin, Julie Viola, Beverly Werber, and Danielle West could not be present. Present from the City staff were Interim Housing and Economic Development Director Mary Davis, Associate Corporation Counsel Amy McNally, and Principal Adm. Officer Lori Paulette. Also present was Loan Underwriter David McLaughlin.

Item #1: Presidents Comments

President Grimes noted the Agenda included a Brownfields Assessment Grant and three new loan applications.

Item #2: Review and vote on draft meeting Minutes for Board meeting held on December 15, 2022.

On motion made by Mr. Dowd, seconded by Ms. Cole, the Board voted unanimously to accept the Minutes as published.

Item #3: Brownfield Assessment Grant Request

Ms. Davis first thanked David McLaughlin and Lori Paulette for their work in getting this Agenda and requests in final form for Board review, in lieu of the vacant Business Programs Manager position.

Ms. Davis noted that normally Brownfields Assessment Grant requests are handled administratively through Assessment Fund 281. With only approximately $5,000 uncommitted in that fund, staff is bringing this request to the Board using Program Income, Fund 278, which needs Board approval. Staff has applied for more assessment funding, up to $500,000, and hopes to hear soon from the USEPA on whether the application is successful. This application for Brownfields assessment funding is from Tom Watson LLC ("LLC") who recently purchased several properties in Bayside. Before making that purchase, the LLC applied to the City for Brownfields Assessments funds to conduct Phase I Environmental Site Assessments ("ESA") on all the properties. Staff reviewed and approved that application based on the public benefits of the project, and provided assessment funds from Fund 281 for just under $15,000. The current application is for Phase II ESAs for 196 Lancaster Street and 89 Elm Street, and a Hazardous Building Material Survey (HBMS) for the Oxford street Shelter property. Staff is recommending approval of 50% of the project costs. The total project cost is $61,400, so staff is recommending an assessment grant of up to $30,700.

Michael Barton, representing the LLC, thanked all for reviewing this request and described the project area in Bayside by showing a brief PowerPoint presentation. The Phase II ESAs would identify existing conditions and provide recommendations for remediation. The LLC is working with TRC Environmental Corporation in this project, as noted in the Scope of Services in the backup. The overall proposed development of the Bayside properties includes 200 units of new affordable housing, 300 units of new market rate housing, and 15,000 to 20,000 new retail space. Regarding the Oxford Street Shelter property, there are no plans at this time to redevelop or demolish it, but the HBMS will assist in planning for its future.

Mr. Dundon asked about the findings for the Phase I ESAs recently completed, and Mr. Barton indicated that they identified storage tanks, foundation issues, and hazardous building material. Now, the Phase II ESAs will assist with estimating remediation and clean-up costs to factor into the over project financing.

Ms. Grimes asked about next steps after this assessment work is done, and Mr. Barton said projected budgets would be created and then financing would be need to be secured for the clean-up. He noted that they may come back to the City for assistance in the form of a Brownfield clean-up loan.

Mr. Mitchell asked about the estimated costs of remediation for the subject property, and Mr. Barton indicated that it could probably be in the millions but the Phase II ESAs will help to further confirm the scope of contamination and costs to clean up.

Mr. Dowd, noting written public comment received, asked why no regular outreach or any community participation had been conducted yet.

Mr. Barton noted that he has recently been in touch with the Bayside Neighborhood Association, and they are planning a neighborhood meeting next week with them.

Mr. Dowd asked about the affordable housing portion of the project and who would be eligible, and Mr. Barton indicated that to be 100% affordable to those earning 60% or below of area median income as defined by Maine Housing.

Seeing no further comments/questions, President Grimes asked for a motion.

Councilor Fournier made a motion to approve the request as recommended by staff; Ms. Van Soest seconded the motion.

President Grimes opened the meeting for public comment.

Sarah Michniewicz, BNA President, noted that the LLC has now reached out to BNA and BNA looks forward to meeting with them. The project has great potential for Bayside, which is long overdue. She now understands that, regarding the future of the Oxford Street Shelter (OSS) which BNA was concerned about, it is not the subject here and, again, looks forward to BNA and the LLC working together.

George Rheault, Bayside resident, thanked the Board for the public comment opportunity. He stated concern for the future of the OSS where in the backup it noted that it could be demolished. The OSS property is the most famous building in Bayside, dating back to the late 1800's. Anywhere else in Portland, it could sell for $1 Million or more. He requested that more thought be given for its future in Bayside.

Seeing no further public comment, President Grimes closed the public comment session.

Mr. Dowd asked about other uses for the Program Income Brownfields Fund.

Ms. Paulette indicated that if this is approved today for up to $30,700, it would leave a balance of approximately $270,000 that could be used for lending/granting.

President Grimes then asked for a vote on the motion and it passed 4-3 (Cole, Dowd, Mitchell).

<u>Item #4: Review and vote on the following new loan applications:</u>

a. AAA Rue Marchie, LLC, d/b/a Timber Restaurant, 106 Exchange Street;

b. Longfellow Property, LLC, 754 Congress Street

c. Forefront Partners, I, LP, at Thompson's Point.

Executive Session: 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 regarding these three loan applications. After the executive session, the Board will vote in public session.

AAA Rue Marchie, LLC, d/b/a Timber Restaurant

Ms. Davis indicated that Timber Restaurant has been open for almost ten years, beginning May 2013. Over the course of the Pandemic, the restaurant has evolved. It currently employs three, including the owner Noah Talmatch. With plans to open the kitchen in the warmer months, from June through part of October, he is requesting loan assistance for updating the kitchen/refrigeration/compressor, as well as for working capital. The loan underwriter and staff are recommending a $40,000 loan over ten years at 7% interest.

Ms. Paulette said that Mr. Talmatch would have joined the meeting this afternoon but ran into a labor issue and had to help out at the restaurant. He noted to her that with his track record of close to ten years, that that would speak for itself and lead to a favorable recommendation.

Longfellow Property, LLC, 754 Congress Street

Ms. Davis noted that this request is from a Maine-based, family-owned hospitality group that is developing the Longfellow Hotel, set to open Summer 2023. The two major principals are brothers Anthony and Nate DeLois with a combined 25 years of experience. The hotel is currently under construction and 28% complete. The hotel had been in development since 2018, and then the Pandemic and hit and things came to a halt. Now, moving forward, there are cost overruns due to increases in the cost of materials. After review, the Underwriter and staff are recommending a $200,000 loan on terms and conditions noted in the write-up to the Board.

Nate Delois thanked Ms. Davis and the Board for their time. Prior to this current project, with his brother Anthony Delois, they purchased and redeveloped 747 Congress into the Francis Hotel in 2016. They received funding for that project from the PDC in 2016, which loan was paid in full late 2021.

Mr. Delois then described the current hotel project underway at 754 Congress and presented his screen with photos/renderings of the project. The interior work should be completed in approximately two weeks, including a lobby bar, café, and spa. They started to plan for this project in 2018 and then the Pandemic hit in 2019 which halted the project. Now in 2021, costs are higher which is the reason for this request. The hotel is anticipated to be finished with renovations late July/August. There has been a lot of media, most recently in *Vogue Magazine*, which has resulted in requests for more information.

Mr. Mitchell asked about CEI being a partner in this project, and Mr. Delois indicated that they are a partner and they have a great working relationship with CEI, noting that CEI was also a partner in the 747 Congress Street project.

Mr. Dowd inquired if Inclusionary Zoning is applied to this project, and Mr. Delois indicated that it is and they are paying the fee per room.

Forefront Partners, I, LP, at Thompson's Point

Ms. Davis noted that the redevelopment of the 30-acre Thompson's Point property has been underway for about nine years and continues, with about 30% completed including redevelopment of Brick North as mixed-used commercial, Brick South as event space, and outdoor pavilion for ice skating and concerts. The PDC has provided financial assistance over the years, including commercial and Brownfield loans, which all loans are up-to-date and current. This Rink project is a $6 Million project, and staff and Underwriter are recommending a $200,000 loan on terms and conditions as noted in the write-up.

Chris Thompson, representing Forefront, thanked all for their time and shared his screen with details and slides of the project. It is finalized with permitting and ready for construction. GPCOG is also a partner in this project. He noted and thanked previous partnerships with the City and GPCOG for projects on Thompson's Point, both for the Brownfields assessment and clean up and commercial projects. This area of Thompson's Point has been successful with outdoor concerts and, in the Winter, ice skating. It is now time for a permanent, covered ice rink and this $6.5 Million project is being financed by Norway Bank, GPCOG, owners' equity, and this request from the PDC.

President Grimes, seeing no questions, advised the public that the Board would now go into executive session to discuss proprietary information for each loan, as well as review the delinquency report. After the executive session, the Board would come back to public session and vote on these loan requests.

On motion then made by Mr. Dundon to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A, to discuss proprietary information regarding these three loan applications with staff and underwriter, as well as to review the Delinquency Report. Councilor Fournier seconded the motion, and the Board voted 7-0 to go into executive session at approximately 5:02 p.m. At approximately 5:26 p.m., the Board came out of executive session.

AAA Rue Marchie, LLC, d/b/a Timber Restaurant

On motion made by Mr. Dundon, seconded by Councilor Fournier, the Board voted 7-0 to approve this loan request as recommended by staff and Underwriter.

Longfellow Property, LLC.

On motion made by Ms. Cole, seconded by Mr. Mitchell, the Board voted 7-0 to approve this loan request as recommended by staff and Underwriter.

Forefront Partners, I, LP

On motion made by Mr. Dowd, seconded by Ms. Cole, the Board voted 7-0 to approve this loan request as recommended by staff and Underwriter.

Item #5: Treasurer's Report – January 31, 2023

President Grimes noted that consensus of the Board was acceptance of the Report as presented.

On motion then made by Ms. Van Soest, seconded by Mr. Dundon, the Board voted 7-0 to adjourned the meeting at approximately 5:30 p.m.

Respectfully, Lori Paulette