Final, approved 08/17/2023

Minutes
Portland Development Corporation
Remote Zoom Meeting
Held on June 15, 2023

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, June 15, 2023. Present from the Board were Directors Krista Cole, Sam Dargan, James Dowd, Jeff Hicklin, Thomas Mitchell – arriving shortly after the meeting started, and Beverly Werber. Directors Eamonn Dundon, Blaine Grimes, Councilor April Fournier, Kierston Van Soest, and Danielle West could not be present. Present from the City staff were Interim Housing and Economic Development Director Mary Davis, Business Programs Manager Nancy Martin, Associate Corporation Counsel Amy McNally, and Principal Adm. Officer Lori Paulette. Also present was Loan Underwriter David McLaughlin.

Item #1: Presidents Comments

Mr. Dowd noted that in President's absence, he would chair the meeting on her behalf. He then suggested that without a quorum at this time, but expects Mr. Mitchell momentarily, the Board review the Treasurer's Report. Should the Board want to review the confidential Delinquency Report, this can be done when there is quorum to vote to go into executive session.

Ms. Paulette noted that the Cash Management Report is now on two pages, with the second page reserved for the Brownfield Funds. This shows there is just under $3.9 Million in available Brownfield funds, which includes $3 Million awarded and available as of 10/2022 for clean-up funds for both grants and loans, and $500,000 in assessment funds awarded and available as of 10/2023 for Phase I and Phase II environmental assessments and planning for clean-up.

Mr. Dargan noted that there are reserves in the Brownfields Funds and asked if there was any concern about those not being used, and Ms. Paulette indicated there was not a concern. If the funds do not get used for projects in reserves and approved by the Board, those reserve funds can be used as new projects come up, while also noting that the new funds recently approved by the USEPA in the last two columns can also be used for projects approved by the Board but not yet funded. Lastly, the Brownfield Loan of $200,000 to Forefront Partners closed 5/31/2023.

Also, the loan to Forefront Partners for the Rink project for $200,000 closed 5/31/2023, and the reserve for $200,000 in fund 271 is for the Longfellow Hotel project which is the Agenda today for a loan amendment.

On the administrative budget report, Mr. Dargan asked about the "Operating Transfer to Fin." item for $9,647, and Ms. Paulette noted that that is transfer to the City's Finance Department who does some of the back office operations for the PDC.

There were no further questions.

Mr. Mitchell joined the meeting at this time.

Item #2: Review and vote on draft meeting Minutes for Board meeting held on May 18, 2023.

On motion made by Mr. Hicklin, seconded by Ms. Cole, the Board voted 6-0 to accept the Minutes as published.

Item #3: Longfellow Loan Amendment.

Ms. Martin summarized the request noting that the Board approved a $200,000 loan for the Longfellow Hotel project due to cost overruns caused by the Pandemic. The Commitment letter was executed, with the applicant noting later that he did not catch that loan funds would be disbursed upon completion of construction, which GPCOG also included in its Commitment letter. The applicant is requesting the removal of this condition, which GPCOG has agreed to. Staff and underwriter are recommending that the loan funds be deposited into an escrow account at Maine Community Bank, with the PDC staff having the sole authority to disburse funds from that account. This would be subject to the Bank reporting that the project is in compliance and with concurrence from the third-party construction firm. Staff is also recommending that the first six months of the loan be interest payments only.

Mr. McLaughlin added that CEI has also agreed to removal of this loan condition.

Chair Dowd asked if the PDC does construction loans, and Mr. McLaughlin said it does not and gave the example of the Clam Shack requesting a construction loan solely from the PDC, and the PDC does not work with building contractors as part of the process. In this case for the Longfellow Hotel, there is a bank involved, and the PDC is participating in the construction lending.

Ms. Martin noted that in the loan guidelines, construction is allowed. The PDC funds will go into escrow and staff will disburse subject to review and compliance.

Mr. Hicklin also noted that in the Clam Shack example, it was leasing the land underneath.

Chair Dowd suggested that the loan guidelines be reviewed to perhaps make it clear that the City does not do construction loans on its own but rather does participate with a lead lender in a construction project.

Ms. Davis also noted that the City's money is intended as gap financing and going in with a lead lender.

Chair Dowd noted consensus and if Board members felt a need to go into an executive session for this. Seeing that the Board did not feel a need, he asked for a motion.

Mr. Dargan made a motion to approve the loan amendment as recommended by staff and underwriter. Ms. Cole seconded the motion, and a vote was then taken and it passed 6-0.

Item #4: Review and discuss proposed Post Loan Closing Services Guidelines for feedback and possible vote to adopt.

Ms. Martin said that this came up at the last Board meeting regarding process on how to pursue delinquent loans. This draft in the packet is taken from a draft from Mr. McLaughlin, and then noted the last sentence of the first paragraph to give staff flexibility to administer this, in tandem with other lenders, and keep the Board updated.

Ms. Werber asked about loan write-offs, and Ms. Martin said that this draft does not include verbiage in that regard but that can be inserted for Board review in its next iteration.

Ms. Paulette added that any loan write-offs do need Board approval to have it in the record, but any documents filed in the Cumberland Registry of Deeds remain and do not get discharged.

Mr. Dargan liked the flexibility for this to be administratively handled and to understand the financials of the loan recipient. He asked if this was in place before, and whether staff thinks it could have helped with delinquencies.

Mr. McLaughlin said that it formalizes the process and would make for a more disciplined structure.

Mr. Mitchell also liked the flexibility and suggested there be some concrete examples like up to certain time extensions of loan terms, etc.

Staff and Board further discussed, noting that giving staff flexibility to administer is important and some examples should also be included, i.e., up to 12-month extensions one or two times administratively, 50% of loan term extension, etc.

Mr. Dowd agreed with the flexibility and example just noted above, and he is also hearing 50% extension of terms, and to include write-off language. Regarding the latter, Mr. Dowd noted that he also heard issues concerning collateral, liens, etc., so further clarification on that would be helpful.

Item #6: Other items to be discussed/brought up the Board Directors and/or staff.

Ms. Werber asked about the tentative scheduling of the Awards event, and Ms. Paulette indicated that Ocean Gateway could have staffing issues June 27th. Also, because of July and August and vacation schedules, and because of not being able to use Ocean Gateway during September and October because of the cruise ship season, the event could either be held in November or come Spring 2024.

Consensus of the Board was to move forward with a November event.

Item #5: 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.

Mr. Hicklin made a motion 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 monitor the loans listed in the Delinquency Report, and Mr. Dargan then seconded the motion.

Mr. Dowd noted for the public that the Board would now go into executive session, after which session, the meeting would be adjourned and no further action would be taken.

Mr. Dowd then asked for a vote on the motion and it passed 6-0 at approximately 4:50 p.m.

At approximately 5:10 p.m. the Board came out of executive session. On motion made by Ms. Cole, seconded by Mr. Hicklin, the Board then voted 6-0 to adjourn.

Respectfully, Lori Paulette