PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: Thursday, June 27, 2019
TIME: 4:00 PM
LOCATION: Room 24, Basement Conference Room, Portland City Hall

AGENDA

1. President's comments.

2. Review and accept Minutes of May 16, 2019 meeting.

   a. See draft Minutes attached.

3. Review and vote on loan application from Zootility Co., 170 Anderson Street.

   a. **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 confidential information regarding this loan application.

4. Treasurer's Report - May 2019

   a. Monthly Administrative Budget Report

   b. Cash Management Report

   c. Schedule of Loans Receivable

   d. Listing of Grants approved through the BAP Program and PEDPIP for FY2019

   e. 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 to into executive session to discuss/monitor any of the loans listed on the Report.

5. Other Items to be discussed/brought up by Board Directors

6. Next Regular Meeting Date: July 18, 2019

Minutes
Portland Development Corporation
May 16, 2019

A meeting of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, May 16, 2019, in Room 209 of Portland City Hall. Present from the Board was its President Tim Agnew and Board Directors James Dowd, Tom Dunne, Blaine Grimes, Laura Reading, Mayor Ethan Strimling, and Julie Viola. Board Directors Jeffery Hicklin, Jon Jennings, Steve Lovejoy, and Briana Volk could not be present. Present from the City staff were Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell (arriving as noted herein), and Senior Executive Assistant Lori Paulette. Also present was PDC Underwriter Vin DiCara.

Item #1: President's Comments

President Agnew waived the President's Comments.

Item #2: Review and accept Minutes of April 18, 2019 meeting.

On motion made by Ms. Grimes, seconded by Mr. Dowd, the Board voted 5-0-2 (Reading and Viola abstained) to accept the Minutes as published.

Item #3: Review and vote on loan application from Quinn's Bardega, LLC, d/b/a Mellen Street Market, 79 Mellen 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 discuss confidential information regarding this loan application.

Ms. Hanig highlighted this request noting that the application was for a $150,000 loan for equipment and fit-up for the Market. The owner, Tim Ly, purchased the building and business in November 2018 and is now modernizing it with no store closure during the process. Ms. Hanig noted that she contacted GPCOG to share in this loan, as the City staff and underwriter are recommending a $50,000 loan. She noted that Mr. Ly would move forward with continued modernization with funds received; and will make additional renovations when he has more funding.

Ms. Hanig noted that the Market serves the Parkside neighborhood and is the only grocery store in this low/moderate income area. She then introduced Mr. Ly.

Mr. Ly said that he has been in business for 20 years here, and noted his ownership interests in various businesses. Regarding Mellen Street Market, he said that it is in a large neighborhood that needs a community gathering place. The new/upgraded Market will purchase locally to provide fresh produce, dairy/eggs, ice cream, and meat, as well as offer Coffee/Hifi Donuts in the morning, lottery tickets, restaurant – everything home made, and bar seating - noting that he would provide craft beer, and make deliveries for free. Mr. Ly also noted he would make adjustments to his business model based on the neighborhood needs.

Mr. Dunne asked about key things he would do with the loan funds, and Mr. Ly indicated kitchen renovations and propane tank installation.

Mayor Strimling asked about exterior renovations, and Mr. Ly noted that they would be installing a large, garage size window and lighting would be improved. He then described updates already done. Mr. Ly also indicated that he has 6 full-time employees and 4 part-time employees at the Market with an average wage of $15/hour and offers paid time off. Regarding health insurance, he does not have it for the Market employees but will strive to obtain it. It is important to him to have his employees happy and stay with the business.

(Greg Mitchell joined the meeting at this time.)

Seeing no further questions/comments, President Agnew said that the Board would now go into executive session to discuss confidential information, after which it would come back in public session and vote on this request.

On motion then made by Mayor Strimling, seconded by Ms. Grimes, the Board then voted unanimously at 4:32 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 confidential information regarding this loan application. At approximately 4:55 p.m., the Board came out of executive session.

Mayor Strimling then made a motion to approve the loan as recommended, with a condition to purchase priority items for renovations/rehab as provided by Ms. Hanig. Ms. Viola seconded the motion and it then passed unanimously.

Item #4: Discussion regarding future of the PEDPIP Program.

President Agnew asked for clarification of the 10% of unrestricted funds that have been used in the past to fund the program. Ms. Hanig noted that it was Fund 271 and 274, which, based on the current Cash Management Report for month ended 4/30/2019, has approximately $464,000 available to lend; 10% of that would be $46,000.

Ms. Grimes questioned why stopping the program, and Ms. Hanig said that it started in 2011 to help move forward Economic Development Vision and Plan objectives. Nine years later, over $400,000 has been granted; which funds could have been used for commercial loans. At this time, staff feels that the Program has done what it was intended to, and, with the current general guidelines, you can make almost any project grant application consistent with the Plan.

Mr. Mitchell added that it is now a different economic time, coming out of recession when an incentive was needed to move Plan objectives further. Termination of the Program would need City Council approval.

There was discussion to: end or pause the program; staff time and board time for the program; value for small amounts of money; requests are different and challenging; unrestricted grant funds are hard to come by for these businesses; unrestricted Funds for loans are not replenishable and if three $150,000 loans were made, the funds would be gone; tighter guidelines with focus perhaps on workforce, job creation, job training.

Mr. Mitchell noted that City Tax Increment Financing (TIF) dollars are being used in a pilot initiative for FY20 for a workforce training program to be administered by the City's Office of Economic Opportunity for $150,000 targeted for training for Portland employer needs. Also, a pilot initiative with TIF funds was approved by the City Council through the FY2020 City budget process to provide Portland Adult Education with $100,000 to augment its workforce training programs.

Ms. Hanig also noted the Business Assistance Program for Job Creation also helps with job creation.

Mr. Mitchell said that staff will revisit the Guidelines, with President Agnew noting to look at sustainability, cash flow, and possibly establishing narrow and clear Guidelines, and perhaps reducing the maximum grant to $5,000 or $10,000. Mr. Mitchell added that the Program can be put on hold until resolved, and Mayor Strimling noted that the City Council would need to approve that hold, perhaps for one year.

Item #5: Discussion regarding loan risks.

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 PDC loans' confidential information.

President Agnew asked for a show of hands as to whether the PDC should take more risk, and it appeared to be 50/50.

Discussion noted that loans brought to the Board are rarely turned down, but that those loans have been vetted by staff and the loan underwriter. It was also noted that perhaps many do not know of the PDC, as well as the Board looking more closely at character, less collateral but looking at growth projections, and public benefit.

Mr. DiCara said that in his experience, the loans brought to the PDC are riskier loans.

A loan program for asylum seekers was discussed, with perhaps a peer group being formed – noting a model could be looked into, if out there, for $5,000, $10,000, $15,000 loans. It was suggested creating a Pilot program and carve out $25,000 and see how it rolls out. Mr. Dowd said that no collateral would be ok, but cash flow would be needed, and Mr. Viola added that personal guaranties should be required.

Mr. Mitchell said that staff would research this option and report back to the Board.

There being no further business, the meeting was then adjourned at approximately 6:10 p.m.

Respectfully, Lori Paulette

Portland Development Corporation
Administrative Budget
For Month Ending
5/31/2019

Operating transfer from EDF **28,522**

Total Funds Available **28,522**

FY19 Expenditures	Budget	Current Month	Year to Date	Percent of Budget	Balance
Administrative Services	575	0	220	38.3%	355
Postage/Courier Services	300	0	157	52.3%	143
Travel, Training, Meetings	4,000	0	3,948	98.7%	52
Contractual Services	10,500	570	7,095	67.6%	3,405
Operating Transfer to Fin.	9,647	0	9,647	100.0%	0
Advertising	2,000	0	1,476	73.8%	524
Auto Expense Reimb.	100	0	45	45.0%	55
Printing & Binding	650	0	624	96.0%	26
Office Supplies	750	0	651	86.8%	99
Total FY19 Expenditures	**28,522**	**570**	**23,863**	**83.7%**	**4,659**

Cash Management Report
5/31/2019

			UDAG	FAME	FAME	Brown-	Brown-	Brown-	
	CIP		271		SSBCI	field 1	field 2	field 3	
	272	274	**(Unrestricted)**	277	279	278-Closeout	280-RLF	281-Assess	
	Restricted	**Unrestricted**	**Loans/Grants**						**TOTAL**
Cash Bal. Beginning of Reporting Mo.	**306,167**	**77,450**	**573,117**	**374,404**	**763,307**	**387,686**	**1,070,088**	**148,003**	**3,700,222**
Plus:									
Principal payments received	1,089	2,669	2,862	8,250	1,182	1,582			
Interest payments received from loans	227	820	3,136	4,867	1,434	396	29		
Interest Income					2,367	1,198			
Other Income/Adjustments									
Pass Through From FAME/SSCBI/EPA									
Sub-Total Cash Available	**307,483**	**80,939**	**579,116**	**387,521**	**768,290**	**390,861**	**1,070,117**	**148,003**	**3,732,332**
Less:									
FAME Annual Admin. Fee; Invoices									
Disbursements - Loans/Grants				(125,000)					
Sub-Total Cash Available:	**307,483**	**80,939**	**579,116**	**262,521**	**768,290**	**390,861**	**1,070,117**	**148,003**	**3,607,332**
Less Reserves for:									
Beautification Program (EC0301)			(72,000)						
PEDPIP Fund Commitments thru FY16			(30,869)						
PEDPIP Fund FY18 Commitment			(22,179)						
PEDPIP Fund FY19 Commitment			(30,000)						
Transfers not yet recorded (UDAG Int)			(23,360)						
Fund 280 Reserve for Commitments							(631,634)		
Fund 280 Reserve for Administration							(63,443)	-7300	
Total Ending Loan/Grant Cash Bal.	**307,483**	**80,939**	**400,707**	**262,521**	**768,290**	**390,861**	**375,040**	**140,703**	**2,726,546**

	Year-to-Date						
	Principal/Interest						
	CIP		UDAG			278	280
	Restricted	**Unrestricted**	**Unrestricted**	**FAME**	**SSBCI**	**Brnfld 1**	**Brnfld 2**
	272	274	271	277	279	278	280
Principal payments received	15,071	17,337	202,269	125,071	13,711	15,907	0
Interest payments received from loans	3,272	7,027	23,360	44,884	15,660	3,870	155
Interest Income					9,658	4,855	113
Other Income/Adjustments							0
Sub-Total Cash Available	**18,343**	**24,364**	**225,630**	**169,955**	**39,029**	**24,632**	**268**

Bal. of Unrestricted/Uncommitted Funds ao 7/1/18:	**327,435**
PEDPIP Cap for FY19 (ao 7/1/2019) at 10% of above:	**32,744**
PEDPIP Commitments for FY19 to date:	**30,000**

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending May 31, 2019

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):						
7527	1622	320 P St., LLC (Casco Bay Elec.)	5/30/2018	6/1/2028	$200,000	0	$200,000	$192,758
7158	1561	Forefront Brick South, LLC	11/18/2016	12/1/2026	$100,000	$0	$100,000	$81,110
		Sub-Total PBF (UDAG)						**$273,867**
		Portland Business Fund 272 (Restricted - CIP):						
7124	1554	Creative Portland	10/11/2016	11/1/2023	$25,000	$0	$25,000	$15,133
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	$130,000	$0	$130,000	$75,596
		Sub-Total PBF (Bonds/CIP Restricted)						**$90,729**
		Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	$12,500	$0	$12,500	$1,886
6120	1380	Portland Trading Co. LLC	4/26/2013	8/1/2018	$15,000	$0	$15,000	$11,762
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	$25,000	$0	$25,000	$2,700
6501	1435	Sur Lie Wine Bar, LLC	5/2/2014	9/1/2021	$37,335	$0	$37,335	$13,941
7092	1559	Vin Bar, LLC	7/26/2016	9/2/2021	$50,000	$0	$50,000	$31,631
		Sub-Total Micro Capital Fund						**$61,920**
		Portland Business Fund Fund 274 (CIP/Unrestricted):						
6597	1458	Back Cove School	8/29/2014	9/1/2019	$55,000	$0	$55,000	$22,003
6868	1512	Billdotcom, LLC	8/29/2015	9/1/2022	$102,500	$0	$102,500	$91,160
7091	1546	Skunk Ape, LLC	7/21/2016	8/1/2023	$75,000	$0	$75,000	$48,188
7554	1664	Quattrucci & Rouda, LLC	3/19/2019	4/1/2029	$100,000	$0	$100,000	$100,000
7479	1611	On Time Transportation	3/26/2018	4/1/2023	$10,000	$0	$10,000	$8,063
		Sub-Total PBF (Bonds/CIP Unrestricted)						**$269,413**
		FAME Fund 277:						
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	$83,333	$0	$83,333	$9,832
6784	1485	SB & LC Properties, LLC	4/6/2015	5/1/2020	$101,200	$0	$101,200	$90,389
6973	1524	Auto-Care, LLC	2/5/2016	3/1/2021	$32,500	$0	$32,500	$24,697
7029	1533	BayCycle	5/13/2016	9/1/2023	$20,000	$0	$20,000	$13,051
7103	1548	Cakeworks, Inc.	8/5/2016	9/1/2022	$62,500	$0	$62,500	$56,241
7157	1560	Forefront Brick South, LLC	11/18/2016	12/1/2026	$250,000	$0	$250,000	$202,775
7276	1580	Union Bagel	6/20/2017	7/1/2020	$46,000	$0	$46,000	$26,278
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	$132,954	$0	$132,954	$82,177
7176	1565	Adele Masengo Designs, Inc.	1/6/2017	2/1/2022	$15,000	$0	$15,000	12397.l46
7528	1623	KJ Monument Square, LLC	6/1/2018	12/1/2025	$25,000	$0	$25,000	$23,808
7532	1629	CAG RE, LLC	8/15/2018	9/1/2023	$50,000	$0	$50,000	$44,245
7529	1624	Cousins Seafood, LLC	7/11/2018	8/1/2023	$20,000	$0	$20,000	$17,701
7293	1582	Wallace James	7/14/2017	8/1/2022	$100,000	$0	$100,000	$72,221
7553	1661	Maine Family Services	2/8/2019	3/1/2024	$25,000	$0	$25,000	$24,317
7357	1593	747 Congress LLC	1/25/2017	7/1/2022	$150,000	$0	$150,000	$135,111
7561	1674	Calendar Sailing Company	5/2/2019	6/1/2024	$50,000	$0	$50,000	$50,000
7562	1675	Gallery Acquisition Co. Inc.	5/16/2019	6/1/2026	$75,000	$0	$75,000	$75,000
		Sub-Total FAME Fund						**$947,843**
		FAME SSBCI 279:						
6199	1390	Inn at Diamond Cove LLC	7/10/2013	10/1/2019	$200,000	$0	$200,000	$152,977
6867	1511	Billdotcom, LLC	8/19/2015	9/1/2022	$92,500	$0	$92,500	$82,268
7233	1570	KODA, LLC	3/31/2017	4/1/2027	$100,000	$0	$100,000	$92,427
		Sub-Total FAME SSBCI						**$327,671**
		Real Estate Investment Fund 271(UDAG/Unrestricted):						
		Sub-Total RE Invest						**$0**
		Brownfields Loan Fund 278 and 280						
6555	1457	Forefront Partners, LP/Fund 278	7/30/2014	2/1/2020	$200,000	$0	$200,000	$123,431
		Forefront Partners I, LP/Fund 280	4/12/2018	7/12/2028	$350,000	$339,769	$10,231	
		Sub-Total Brownfields						**$123,431**
		Grand Total Loans				**$339,769**	**$2,778,553**	**$2,094,876**
		Allowance for uncollectable loans at 15%						$314,231
		Total with Allowance for uncollectable loans:						**$1,780,645**

Portland Economic Development Plan Implementation Program			
FY2019 Grant Funding Available:	**$32,744**		
First Round of Applications Due:	**9/28/2018 at 3:00 p.m.**	**Date**	
Grantee Approved	**Grant Amount**	**Approved**	**Project**
New Mainers Resource Center	$15,000	10/18/2018	Classes to aid Foreign Skilled Professionals find work in the Portland area.
Creative Portland	$15,000	10/18/2018	Planning Process to Strengthen the visitor experience in support of arts and culture.
Total Granted:	**$30,000**		
Balance of Funds Available:	**$2,744**		
If Additional Funds Remain, Second Round of Applications due no later that Friday, March 29, 2019 at 3:00 p.m.			

Business Assistance Grant Program for Job Creation - FY2019			
FY2019 Grant Funding Available:	**$140,000**		
		Date	**Jobs**
Grantee/Grant Approved	**Grant Amount**	**Approved**	**Funded**
Bethel Kids Care	$20,000	9/20/2018	2
Gross Confection Bar	$10,000	9/20/2018	1
Greater Portland Home Healthcare	$10,000	9/20/2018	1
Lio	$20,000	9/20/2018	2
WordLab	$20,000	9/20/2018	2
OneLove HomeCare	$20,000	9/20/2018	2
Shekinah Family Services	$20,000	9/20/2018	2
Maine Family Services	$10,000	10/18/2018	1
Factory 3	$10,000	10/18/2018	1
Total Grant Funds Approved to Date:	**$140,000**		
Balance of Grant Funds Available:	**$0**		