PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: Thursday, July 18, 2024
TIME: 4:00 PM
LOCATION: VIA ZOOM
PLEASE CLICK ON THE LINK BELOW:
https://portlandmaine-gov.zoom.us/j/85229414013?pwd=N2tESU9mMmUzZ000T1F4cVErZTRnQT09
Passcode: 272505
Or One tap mobile :
+13126266799,,85229414013# US (Chicago)
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Dial(for higher quality, dial a number based on your current location):
+1 312 626 6799 US (Chicago)
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PUBLIC COMMENT:

To submit written public comment on an agenda item, email edd@portlandmaine.gov. Submissions must be received by 12:00 pm the day before the Portland Development Corporation Board meeting to guarantee their inclusion in the agenda packet. All submissions must include the commenter's name and legal address. To help ensure your comment is submitted for the correct item, please include the name of the agenda item (see below).

AGENDA

1. President's Comments.

2. Review and accept Minutes of April 18, 2024, meeting.

   a. See attached draft meeting Minutes.

3. Presentation, Discussion, Public Comment, and Possible Vote on Brownfields Assessment Sub-Grant and Loan Application from Avesta Housing for Remediation and Clean-up at 89 Elm Street.

   a. Developer will present its proposed project for review, discussion, public comment, and possible vote by the Board at this meeting or at the August 15, 2024 Board meeting.

   b. See attached Memorandum and backup.

   c. Public Comment Received - see attachment

4. Discussion of Inclusive Loan Policies.

   a. See attached Memorandum.

5. Staff Verbal Update Regarding:

   a. Marketing/Dept. Intern Nguyen Lam Presentation

   b. Arts District Incentives

   c. Department of Energy Grant Application Update

   d. PDC/City Awards Ceremony

6. Treasurer's Report - June 30, 2024

a. Monthly Administrative Budget Report
b. Cash Management Report
c. Schedule of Loans Receivable
d. Confidential Delinquency Report; update on loan modifications, if any.
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.

See attached Report.

7. Other Items to be discussed/brought up by Board Directors and/or staff.

Minutes
Portland Development Corporation
Remote Zoom Meeting
Held on April 18, 2024

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, April 18, 2024. Present from the Board of Directors were Directors Sam Dargan, Eamonn Dundon, Nathan Henry, Thomas Mitchell, Kierston Van Soest, and Beverly Werber. President James Dowd, Directors Krista Cole, Blaine Grimes, Councilor April Fournier, and Danielle West could not be present. Present from City staff were Associate Counsel Avery Dandreta, ARPA Project Coordinator Kaela Gonzalez, Business Programs Manager Nancy Martin, Associate Counsel Amy McNally, Principal Administrative Officer Lori Paulette, and Housing and Economic Director Greg Watson. Also present was PDC Underwriter Matthew Buonopane.

Item #1: Presidents Comments

President James Dowd is not in attendance tonight; Director Kierston Van Soest will Chair tonight’s meeting.

Item #2: Review and vote on draft meeting Minutes for Board meeting held on March 21, 2024.

On motion made by Ms. Werber, seconded by Mr. Mitchell, the Board voted 4-0-2 (Mr. Dargan and Mr. Dundon abstained) to accept the meeting Minutes of March 21, 2024 as published.

Item #3: Review and vote on a new loan application from Another Round, located at 549 Congress Street.

Mr. Dundon informed the Board that he is recusing himself from this agenda item as advised by City Counsel and will rejoin after this item has been discussed.

Ms. Martin introduced the loan request from Another Round LLC, a board game bar located at 545 Congress Street in the amount of $225,000, which is slated to open early Summer 2024. Owner, Harry Sultan, is seeking this loan to provide a cushion for opening costs. Mr. Sultan explained to the Board the inspiration behind his business and how this would be the first business in Portland of its kind. Working out of an owner-occupied space, he is looking for help with increased construction costs and would like the help with cash flow as he gets started.

Ms. Werber asked Mr. Sultan what the projected seating capacity is, which he says will be between 43-48 people. Mr. Dargan wants clarification on the two projections, which he believes one is quite conservative and the other, provided to the bank, is more realistic. Mr. Sultan would like to operate as though this may be a difficult start and wants to know what things would look like if business does not ramp up quickly. Mr. Henry wanted to know why Gorham Savings Bank was not an option for the working capital. Mr. Sultan originally did not plan to buy the space and instead planned to lease; however, due to the loan being tied to the lease limit, buying was the better option. At this time the debt ratio to equity does not support the additional funds from Gorham Savings Bank, as he understands it. Given the unique model, Ms. Van Soest wanted to know how Mr. Sultan determined some of the assumptions regarding the business. Mr. Sultan consulted with other board game bars/cafes and derived his model from those conversations. Mr. Henry would like to know what Mr. Sultan's dream structure on loan terms would be, in which Mr. Sultan answered with a term of 5-7 years with an amortization schedule of 20 years, to help employ good staff and keep a solid cash flow.

On a motion made by Mr. Henry and seconded by Ms. Werber, the Board voted 5-0 to go into executive session at approximately 4:20 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5

M.R.S.A. 13119—A to discuss proprietary information regarding the above loan application. At approximately 4:36 p.m. the Board came out of executive session.

On a motion made by Mr. Henry and seconded by Mr. Dargan, the Board voted 5-0-1 (Mr. Dundon abstained) to approve the Another Round loan with a 5 year term and 20 year amortization in the amount of $225,000.

Item #4: Review and vote to recommend to the City Council approval of proposed Bylaws amendment.

Ms. Martin introduced two proposed amendments to the Bylaws; the first to allow the City Manager to appoint his/her designated representative in Article IV Section 4.4, as well as a housekeeping amendment to update the Department name in Article VI Section 6.8, as detailed in the backup materials.

On a motion made by Ms. Werber, seconded by Mr. Henry, the Board voted 6-0 to approve and recommend the proposed amendments to the City Council.

Item #5: Review and recommendation to the City Council approval of participation in FAME funding portal.

Ms. Martin is asking for the PDC to consider reviewing and recommending the City's participation in the Finance Authority of Maine's (FAME) new online funding portal, called Maine Funding Network, to the City Council.

The Maine Funding Network would standardize applications, foster collaboration between FAME lenders, and remove barriers for applicants. The portal is in the testing phase and for the first year there will be no participation fee, although FAME does anticipate a fee in the future to share the network costs. Included in the backup materials is a draft Participation Agreement which still needs review and approval from the Information Technology Department.

Ms. Werber wants to know if the City can opt out at some point, to which Ms. Martin said that we would be proposing that language in the participation agreement. Mr. Dundon wants to know if we know what kind of fee could be expected; Ms. Martin's understanding that any fee would not be a burden, and would just cover the administrative costs. Mr. Dargan commented that he did not see a service level agreement and expressed concern over potential risks since the user experience would be out of the City's control. Ms. Martin appreciates the idea of a standard or common application that makes it easier for applicants, but also has concerns about this funding portal increasing workload past the capacity of the City's ability to provide timely and effective review of applications. Mr. Henry believes that FAME has the ability to make this a successful venture, and would like to know if the Brownfields loan will become part of this at some point. Ms. Martin does not think that we will be able to offer the Brownfield loans on this portal.

On a motion made by Mr. Henry and seconded by Mr. Dargan, the Board voted 6-0 to approve recommendation to the City Council for participation in the FAME funding portal.

Item #6: Staff Verbal Update

Ms. Martin began with a marketing update, first informing the Board that the City of Portland is a municipal sponsor of the Build Maine Conference on June 5 and 6, 2024, located in Skowhegan this year. All staff and Board members can register and attend for free and, please let staff know if you are interested in attending. Staff is working with the Sustainability Office and considering whether to apply for grant funding from the Department of Energy. The Housing and Economic Development Department is in the beginning stages of planning a newsletter. The City hosted a C-PACE (Commercial Property Assessed Clean Energy) meeting with several area banks and participating municipalities to talk through the program and answer questions that potential lenders may have.

Ms. Martin recapped the Brownfields Assessment Program Update memorandum located in the backup materials which highlights the projects that have benefited from this program. The 2020 Assessment Grant with $250,000 has been completely expended and closed out. About one third of the 2023 Assessment Grant with $500,000 has been utilized, these funds have been used for environmental assessments of potential or actual contaminated properties.

Item #7: Treasurer's Report - March 2024

a) Monthly Administrative Budget Report
b) Cash Management Report
c) Schedule of Loans Receivable
d) 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.

Ms. Paulette highlighted the administrative budget report which is on track, with 60% being expended. The City has 29 outstanding loans for a total of $3.1 million in principal with about $1 million being repaid. The PDC has approximately $2.1 million to lend. In the Brownfields loan portfolio, the PDC has $3.5 million to lend for assessment and clean up. Ms. Werber wants to know if Ms. Martin has any concerns regarding the Delinquency Report. The Board proposes to wait until the next meeting.

Item #8: Other items to be discussed/brought up by Board Directors and/or staff.

Board members did not have anything further to report.

Item #9: Next regular meeting date: May 16, 2024.

There being no further business, on motion made by Mr. Dargan, seconded by Mr. Henry, the Board voted unanimously to adjourn at 5:05 p.m.

Respectfully, Kaela Gonzalez

City of Portland | Housing and Economic Development Department
Gregory P. Watson, AICP, Director

MEMO

TO: President James Dowd and PDC Board Members
FROM: Nancy L. Martin, Business Programs Manager
CC: Greg Watson, Director, Housing and Economic Development Department
DATE: July 12, 2024
RE: Brownfields sub-grant and loan request from Avesta Housing for 89 Elm Street

PROJECT OVERVIEW:

The Portland Development Corporation (PDC) is being presented with a request for $2,636,424 in Brownfields cleanup funding for an affordable housing development at 89 Elm Street in the Bayside neighborhood. The project was approved by the Portland Planning Board in October, 2023. Upon project completion, the development will create 201 units of affordable housing, with commercial space on the ground floor. The Committee may like to consider using the July 18 meeting to allow the developer to present on the project and address questions from the project team and the Board, and table a vote until the August 15th Portland Development Corporation meeting to allow time for further committee review and public comment, if desired. There will be no Executive Session for this request, since Avesta Housing is a non-profit organization and as such their financial statements are available to the public.

BUDGET AND BACKGROUND:

Avesta Housing Development Corporation (a non-profit) will take initial ownership of 89 Elm Street in late 2024, and is applying for a $500,000 sub-grant from the City's Brownfields remediation funds. Avesta Housing Development Corporation will later be selling the property to a limited partnership, Avesta 89 Elm LP, that will own the project on a long-term basis.

Avesta 89 Elm LP is applying as a for-profit entity for an approximately $2.1 million loan. The total amount of Brownfields cleanup funding that is requested for this project is therefore approximately $2.6 million. The total development cost for the project is approximately $83 million, meaning that if approved, $1 of Brownfields funding from the City would leverage $31.

If approved, this would be the City's first Brownfields loan (as opposed to sub-grant) in support of affordable housing. The loan would be secured by a third mortgage on the property.

The requested Brownfields loan and subgrant will be funded by the City's $3 million cooperative agreement with the EPA (Column "Brownfield 10/1/2022" on table, next page). If this funding request is approved, the City's Brownfields RLF grant from EPA will be fully depleted, although Brownfields program income and repaid loans would still be available through Fund 278 which has a current balance of approximately $476,000 (see Column "Brownfield 1" on table on next page). The City plans to apply for supplemental funding in early 2025 to replenish the availability of cleanup funding. Additionally, Brownfields remediation funds are available through strategic partners such as GPCOG and State of Maine.

FY 24 PDC CASH MANAGEMENT REPORT - BROWNFIELD PROGRAM (Preliminary and Subject to Change)					
Period Ending: 04/30/2024	Brownfield 1	Brownfield 2 (2016)	Brownfield 3	Brownfield 10/1/2022	TOTAL
	278	280	281	280 RLF	
	Unrestricted Loans/Grants	Restricted/Cleanup	Restricted/Assessments	Restricted/Cleanup	
Ending Cash Balance (Munis)	477,387	455,626	422,798	2,997,208	4,353,019
Less Reserves for:					
Reserve For Commitments	(1,047)	(434,959)		(247,700)	
Fund 280 Reserve for Administration		(20,556)			
Adjusted Ending Cash Balance	**476,340**	**111**	**422,798**	**2,749,508**	**3,648,757**

Staff has performed a pipeline analysis of possible applications to the City's revolving loan fund by reviewing current Brownfields assessment projects as well as reaching out to property developers. Staff has concluded that remediation funding requests that exceed the City's available funds are extremely unlikely before the City expects to receive supplemental funding from the EPA in mid-2025.

The recently-approved PDC Brownfields Cleanup Revolving Loan Fund Program guidelines state, "Loan amount for eligible cleanup activities will be limited to the balance of the loan fund, but generally range from a minimum of $100,000 to a maximum of $500,000 and will be negotiated based on project redevelopment needs." In light of the critical need for affordable housing in Portland, the Board may consider waiving the loan maximum. The EPA limits the sub-grant maximum to $500,000 per site, but does not impose a loan maximum. The interest rate is also entirely up to the PDC to determine.

RECOMMENDATION:

PDC staff (Nancy Martin) and underwriter (David McLaughlin) recommend approval of a $500,000 subgrant to Avesta Housing Development Corporation and $2,136,424 loan to Avesta 89 Elm LP, for a total of $2,636,424 in support of an affordable housing development at 89 Elm Street subject to 1% interest for a 30-year term and 40-year amortization, with interest-only payments due monthly during construction period. With permanent loan closing projected for 1/1/2028, monthly principal and interest payments would start at that time at approximately $5,300 per month.

ATTACHMENTS:

Underwriting analysis

PORTLAND DEVELOPMENT CORPORATION

BROWNFIELDS LOAN REQUEST

DAVID MCLAUGHLIN, UNDERWRITER

July 2, 2024

APPLICANT/BORROWER: Avesta Housing Development Corporation -- during construction phase; Avesta 89 Elm LP & Avesta Housing Development Corporation --permanent

Note: Avesta Housing Development Corporation will purchase the proposed real estate collateral at 89 Elm Street, Portland. They will have ownership during the cleanup/construction phase. Title will be transferred to Avesta 89 Elm, LP upon completion of construction. Avesta 89 Elm LP will be the Borrower for the permanent financing and Avesta Housing Development Corporation will be a Guarantor.

APPLICANT'S ADDRESS: 307 Cumberland Avenue, Portland, Maine

PROJECT LOCATION: 89 Elm Street, Portland, Maine

LOAN REQUEST: $2,100,000

INTEREST RATE: Fixed at 1.0%

TERM: 30 Years with a 40-year amortization (matches the terms of MSHA)

PURPOSE: Funding the remediation costs of contamination at 89 Elm St. Portland. Estimated cost of cleanup is $2,600,000. The balance of funding is expected to come from a $500,000 Brownfield grant that is under application.

OVERVIEW:

Avesta Housing Development Corporation (Avesta) is a 501(c)3 non-profit organization that started in 1972 as York-Cumberland Housing. It changed its name in 2003 to Avesta Housing to reflect its growing geographic reach and move the headquarters from Gorham to Portland. The organization is the largest nonprofit affordable housing provider in Northern New England with more than 100 developed properties under management, providing homes to more than 5,000 people with a staff of more than 300. The 17-member Board of Directors are all recognized local industry leaders with a number having served or are serving as members of the PDC Loan Committee.

The current project is phase 1A of the Bayside Master Development Plan that has been approved by the City of Portland Planning Board. This plan proposes the creation of 800 new units of rental housing along with mixed-use community spaces, significant new green spaces, increased pedestrian access and connectivity throughout the Bayside neighborhood. The master plan includes five phases of development to take place over ten years. It includes 7 new buildings, 200 affordable units, 600 market-rate units, and 28,500 square feet of commercial space. Along with new construction there will be renovations to existing commercial and institutional buildings, as well as the retrofitting of the Public Market garage with infill retail and amenity use. The development was done in collaboration with Reveler Development and Port Property, Stantec's Urban Places Studio, Penobscot General Contractors, and Acorn Engineering.

Phase 1A proposes a redevelopment of three existing parcels that are currently used as a surface parking lot, into an 8-story building featuring 201 affordable housing units and three ground level retail spaces of 4,500 square feet along Lancaster and Oxford Streets. These affordable units will satisfy the 25% inclusionary zoning requirement for the larger 800-unit Bayside Master Development Plan. The land is planned to be purchased in December 2024 with a construction period of 24 months ending December 2026, and 2027 will be a year of stabilization during which the property is leased up. Permanent financing is contemplated for January 2028.

SOURCES		USES	
Maine State Housing mtg.	$45,243,000	Purchase land	$4,000,000
Brownfield Loan	2,100,000	Construction Costs	63,410,878
Brownfield Grant	500,000	Contingency	3,170,544 (5%)
LIHTC/Solar Equity	35,470,529	Developer Fee/Overhead	750,000
--		Soft Costs	11,518,531
TOTAL	$82,849,953		$82,849,953

Applications are being completed for submission to Maine State Housing for construction and permanent financing and for the Low-Income Housing Tax Credit. MSHA has issued a Notice of Intent and has allocated the funds. The construction cost was estimated by Penobscot General Contractors. The cost for the 160,378 sq. Ft. building is $518 per sq. ft.

A Phase I ESA is expected to be completed by Fall 2024 prior to closing, and is a pre-closing loan closing condition by MSHA. A prior Phase l was completed by Ransom Consulting in 2021 and a Phase II ESA was completed by TRC in 2023. They are the basis for the current cleanup cost estimate. They found evidence of environmental hazards to include abandoned underground storage tanks (UST), lead, and arsenic in the soil. The recommendations of this prior report are incorporated into the project costs. An acceptable review of the Phase 1 ESA required by MSHA will be a condition of approval. The environmental cleanup is expected to begin October 2024.

FINANCIAL OVERVIEW: The provided financial information includes the Avesta Housing Development Corporation 2020 to 2022 CPA audited statements, the 2023 fiscal management prepared statements, the 2024 year to date management prepared statements and compared to the same period of the prior year and a five-year projected income and expenses for this project. The major pertinent findings are as follows:

Avesta Housing Development Corporation (000)

	2020	2021	2022	2023
Current Assets	$14,226	$18,905	$16,884	$19,655
Current Liabilities	22,922	19,115	38,549	7,636
Working Capital	(8,696)	(210)	(21,665)	12,019
Total Assets	329,033	356,454	399,206	420,033
Total Debt	179,995	194,279	233,278	238,969
Net Assets	149,039	162,175	165,928	181,064
Debt Worth Ratio	1.2	1.2	1.4	1.3

Revenues	42,770	47,893	51,563	66,416
Net Income	(2,873)	(1,126)	(3,975)	(3,687)
EBITA	11,586	14,276	12,609	14,151
Debt Service	19,685	17,026	33,055	8,456
Excess Cash Flow.	(8,099)	(2,750)	(20,446)	5,695

May 2024 Year to Date	2023	2024
Revenues	$27,432	$31,487
Expenses	29,435	33,542
Net	(2,003)	(2,055)
EBITA	5,147	6,278
Debt Service	3,523	4,411
Excess	1,624	1,827
Working Capital		10,052
Current Ratio		1.99
Debt/Worth		1.3

The financial trend is somewhat difficult to understand given the ongoing projects that are in development. The growth in revenues from $42,770K in 2020 to $66,416k or by 53% is due to the ongoing development of new residential units. This high growth is in response to the critical need for additional affordable housing in the Portland market as evidenced by the 5,318 households currently on Avesta's waitlist.

The organization reports negative working capital and debt service coverage from 2020 – 2023. This is due to timing of the projects in development. The timing, mostly in equity coming into a project, was not as much of a consideration in 2023 and is more indicative of the organization's financial position absent the timing impact of projects in development. The current portion of long-term debt goes from $27,358k in 2022 to $8,409 in 2024, $4,512k in 2025, $3,744k in 2026 and $3,229 in 2027 per the notes in the 2022 CPA Audit. This supports 2023 being more indicative on ongoing operations. It is also important to note that, throughout this period, the Net Asset position has continued to improve while keeping the debt worth ratio at a relatively low 1.2 to 1.3%. A condition of approval will be an acceptable review of the 2023 CPA Audited Financial Statements.

- The net working capital position is adequate at $10,052M with a 2.0 current ratio as of 5/30/24. This is stronger than the industry average and should be adequate to help fund any cost overruns. The current contingency is 5% and the working capital equals 15% of the construction cost.
- The balance sheet is well capitalized with $181,760M in net assets and a 1.3 debt/worth ratio as of 5/30/24. The organization has maintained a 1.2 to 1.3 debt worth ratio from 2020 to May 2024.
- The debt service coverage ratio was reasonably strong in 2023 at 1.7% with excess cash flow of $5,695k.

Project/Operating Budget:

	2027	2028	2029
Income	$3,339	$3,406	$ 3,474
Expenses	2,452	1,877	1,933
Net	886	1,529	1,541
Debt Service	937	1,284	1,284
Excess	(51)	245	257
Debt Service Coverage	Neg	1.22	1,24

The application included cash flow projections for 5 years. A feasibility study is in process and a condition of approval. Operations are stabilized by the end of the first year with debt service coverage of 1.22 starting in 2028. Occupancy is low risk given the recognized need for additional housing especially affordable housing in the state and Portland market. There were 6,544 applications in 2023 and 5,318 households on waitlists for affordable housing units.

COLLATERAL: A third mortgage on the commercial real estate located at 89 Elm, Portland subject to prior debt of $45,243k with MSHA. The MSHA prior mortgages and this requested Brownfields loan is 58% of the cost basis.

The appraised value is expected to be less than the cost basis due to the rents being capped below market. I have not set a condition of a minimum appraised value given the low debt to cost of project ratio and significant capitalization. However, a condition of approval is an acceptable review of the appraisal report.

It is anticipated that the MSHA loans and this Brownfield request will close at the same time and this Brownfield loan of $2,100K will have a third mortgage position to the construction loan. There is an expected intercreditor agreement that will subordinate the Brownfield loan to the $45,243k of permanent long-term financing upon completion of construction and funding of the permanent financing.

CONDTIONS:

- Acceptable review of final project budget to include the remediation costs prior to closing
- If a VRAP, letter of completion of clean up
- Acceptable review of commitments letters from all other sources of financing and reasonable assurances from those sources that either all major preclosing conditions have been met or are expected to be met prior to closing.
- Acceptable review of the appraisal and feasibility/market study report required by MSHA prior to closing.
- Acceptable review of the 2023 CPA Audited Statements

STRENGTHS / WEAKNESSES:

- Project equity of 42%
- Avesta has a strong long-term history in development and management of similar projects
- Avesta is both financially strong and able to support project with $5,695k in excess cash flow and $10,052k in working capital

- Portland has a housing shortage and there is a significant waiting list for both market and subsidized rental units.
- Debt service coverage for this project is projected at 1.22 after stabilization
- Collateral position is 58% of the project cost.

- Collateral position, while adequate on a cost basis, is subject to $45,243k of prior mortgage debt and the appraised value is expected to be less than cost given the cap on rents.

RECOMMENDATION: I recommend approval based on the above noted strengths subject to the above conditions. It should be noted that this project is still in the planning stage and could be subject to change. Any change is expected to be minor and should not impact the recommendation or the proposed conditions. I have focused on the adequacy of capitalization (42%) of the project, the capability of management and assuring that our collateral position is appropriate.

I suggest, prior to closing, that staff provide a report to the loan committee on the satisfaction of the above conditions and confirm that the projected 1.22 debt service coverage ratio is maintained.

This recommendation assumes and is subject to compliance to all requirements under the Brownfield Program especially as it relates to the disbursement of loan funds.

Fwd: PDC Public Comment - Brownfields Cleanup Funding Request re: AVESTA takeover of 89 Elm Street housing project

Wed, Jul 17, 2024 at 1:19 PM

---------- Forwarded message ---------
From: **George Rheault** <george.rheault@gmail.com>
Date: Wed, Jul 17, 2024 at 12:00 PM
Subject: PDC Public Comment - Brownfields Cleanup Funding Request re: AVESTA takeover of 89 Elm Street housing project
To: <edd@portlandmaine.gov>, gwatson@portlandmaine.gov <gwatson@portlandmaine.gov>
Cc: Mark Dion <mdion@portlandmaine.gov>, Pious Ali <pali@portlandmaine.gov>, April Fournier <afournier@portlandmaine.gov>, Roberto Rodríguez <rrodriguez@portlandmaine.gov>, Anna Trevorrow <atrevorrow@portlandmaine.gov>, Victoria Pelletier <vpelletier@portlandmaine.gov>, Regina Phillips <rphillips@portlandmaine.gov>, Anna Bullett <abullett@portlandmaine.gov>, Kate Sykes <ksykes@portlandmaine.gov>, Danielle West-Chuhta <dwest@portlandmaine.gov>, Michael Goldman <mig@portlandmaine.gov>, Kevin Kraft <kkraft@portlandmaine.gov>

With respect to the PDC's July 18, 2024 meeting tomorrow at 4:00 p.m.: Portland Development Corporation • City of Portland Meetings & Agenda Portal • CivicClerk

I urge the Portland Development Corporation to postpone ANY action with respect to the 89 Elm Street brownfields clean-up funding request from AVESTA, Inc.: Portland Development Corporation • City of Portland Meetings & Agenda Portal • CivicClerk

Here is a non-exclusive list of the many reasons why the PDC should await guidance from the City Council before making any further decisions regarding this request:

1. The City Council has been kept in the dark regarding all the machinations regarding the Bayside redevelopment schemes involving Port Properties (Tom Watson's business alter ego with his various partners which now has a development affiliate called "Reveler Development") and AVESTA, Inc. The City Council has not held a SINGLE workshop or briefing to learn about what city staff in the City Manager's Office as well as the Planning Department and the Housing & Economic Development Department have been orchestrating behind the scenes the last several years to facilitate private development efforts, including how to explicitly work-around the inclusionary zoning rules instituted by citizen referendum in November 2020.

2. When Tom Watson (operating under his "Reveler" banner) applied for a "Master Development Plan" approval for its portfolio of Bayside parcels (acquired in October 2022), AVESTA was not part of the plan, nor was AVESTA part of the application when 89 Elm Street received major site plan approval in 2023.

3. AVESTA has not held a SINGLE community meeting regarding its takeover of the 89 Elm Street project. Indeed, they have explicitly HIDE the fact of their intentions here from the Bayside and larger city public despite having a pending development proposal next door for the old Oxford Street Shelter campus.

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City of Portland | Housing and Economic Development Department
Gregory P. Watson, AICP, Director

MEMO

TO:	President James Dowd and PDC Board Members
FROM:	Nancy L. Martin, Business Programs Manager
CC:	Greg Watson, Director, Housing and Economic Development Department
DATE:	July 12, 2024
RE:	Inclusive loan policies

OVERVIEW:

The City of Portland is increasingly diverse, and features many business owners from international backgrounds. Their contributions to the local economy are numerous. In an effort to increase financial access, staff are considering adding a sentence to the City's online loan intake form that offers the possibility to pay flat administrative fees instead of interest. This would make the City's loan products more accessible to potential borrowers.

BACKGROUND:

Charging flat administrative fees instead of interest is mechanically simple and would be done by dividing the total amortization by the loan tenor. For example, for a loan of $100,000 at 8% interest amortized over ten years, the total interest paid over the life of the loan would be approximately $45,594. This amount could be paid by a flat rate of $379.95 for 120 monthly payments. Late fees could be added to the loan terms to incentivize borrowers to make their scheduled payments on time.

Several area lenders have already begun offering this inclusive loan product (for example, Androscoggin Bank and CEI).

RECOMMENDATION:

Staff recommend adding a sentence to the City's online loan intake form that says "Borrowers may pay a flat fee instead of interest," and providing a space for applicants to indicate their preference on the loan application form.

Portland Development Corporation
Preliminary Draft Operating
Report FY2024
For Month Ending
6/30/2024

Operating transfer from EDF	**39,122**

Total Funds Available	**39,122**

			Current	Year to		Percent		
FY2023 Expenditures	**Budget**		**Month**	**Date**		**of Budget**		**Balance**
Administrative Services	11,175		19	10,938		97.9%		237
Postage	300		19	134		44.6%		166
Travel, Training, Meetings	8,000		0	8,000		100.0%		0
Contractual Services	6,000		1,170	4,658		77.6%		1,342
Operating Transfer to Fin.	9,647		0	9,647		100.0%		0
Advertising	2,500		0	308		12.3%		2,192
Auto Expense Reimb.	100		0	0		0.0%		100
Printing & Binding	650		0	576		88.6%		74
Office Supplies	750		0	272		36.3%		478
Total FY2023 Expenditures	**39,122**		**1,208**	**34,533**		**88.3%**		**4,589**

FY 24 PDC CASH MANAGEMENT REPORT/Non-Brownfield Program

(Preliminary and Subject to Change)

Period Ending: 6/30/2024	**UDAG**		**CIP**		**CIP**		**FAME**		**FAME SSBCI**		**TOTAL**
	271		272		274		277		279		
	Unrestricted Loans/Grants		**Restricted**		**Unrestricted**						
Beginning Balance	**241,993**		**394,120**		**196,817**		**835,122**		**503,265**		**2,171,316**
Additions	MTD	**YTD**	MTD	**YTD**	MTD	**YTD**	MTD	**YTD**	MTD	**YTD**	
Principal payments received	4,330	32,137	0	11,339	2,474	23,982	4,624	118,070	1,880	20,820	
Interest payments received from loans	2,112	22,138	0	507	730	5,118	1,486	25,522	686	21,678	
Interest Income	1,873	7,154	2,229	6,938	1,094	3,225	4,559	13,543	3,982	12,329	
Other Income/Adjustments		-		-		-		-		-	
Pass Through From FAME/SSCBI		-		-		-	-	-		-	
Deductions											
FAME Annual Admin. Fee; Invoices											
Disbursements - Expenses		(2,837)								(896)	
Disbursements - Loans/Grants										(3,260)	
Ending Cash Balance (Munis)	**247,471**		**396,349**		**201,114**		**845,790**		**505,658**		**2,196,381**
Less Reserves for: Loans								(250,000)			
Beautification Program (EC0301)	(72,000)										
Transfers not yet recorded (UDAG Int)	(22,138)										
Adjusted Ending Cash Balance	**153,333**		**396,349**		**201,114**		**595,790**		**505,658**		**1,852,244**

FY 24 PDC CASH MANAGEMENT REPORT - BROWNFIELD PROGRAM

(Preliminary and Subject to Change)

Period Ending: 06/30/2024	Brownfield 1		Brownfield 2 (2016)		Brownfield 3		Brownfield 10/1/2022		TOTAL
	278		280		281		280 RLF		
	Unrestricted Loans/Grants		Restricted/Cleanup		Restricted/Assessments		Restricted/Cleanup		
Beginning Balance	**473,114**		**451,808**		**486,183**		**2,997,208**		**4,408,313**
Additions	MTD	YTD	MTD	YTD	MTD	YTD	MTD	YTD	
Principal payments received	1,927	20,832	1,394	11,099		-		-	
Interest payments received from loans	51	823	1,124	9,687		-		-	
Interest Income	2,677	7,494	1,301	6,121		-		-	
Other Income/Adjustments		-		-		-		-	
Pass Through From FAME/SSCBI/EPA		-		-		-		-	
Deductions									
FAME Annual Admin. Fee; Invoices									
Disbursements -Other	(382)				-63,385				
Ending Cash Balance (Munis)	**477,387**		**455,626**		**422,798**		**2,997,208**		**4,353,019**
Less Reserves for:									
Reserve For Commitments	(1,047)		(434,959)				(247,700)		
Fund 280 Reserve for Administration			(20,556)						
Adjusted Ending Cash Balance	**476,340**		**111**		**422,798**		**2,749,508**		**3,648,757**

Portland Development Corporation
Schedule of Loans Receivable
For Month Ending June 30, 2024

Case ID	Account No. & Name	Date of Loan	Maturity Date	Original Loan	Not Yet Disb.	Total Disb .	Outstanding Princ. Bal.
				----Committed/Disbursed Funds-----			
	Portland Business Fund 271 (UDAG/Unrestricted):						
30124	Rosemont Market, Inc.	8/8/2019	9/1/2022	$150,000	0	$150,000	$76,835
30179	Forefront Brick South, LLC	11/18/2016	12/1/2026	$100,000	$0	$100,000	$35,496
30400	Friends and Family	3/10/2023	4/1/2027	$50,000	$0	$50,000	$36,193
30423	Longfellow Property, LLC	6/26/2023	7/1/2030	$200,000	$0	$200,000	$198,136
30514	Longfellow Property, LLC	5/6/2024	7/1/2031	$182,688	$0	$182,688	$182,688
	Sub-Total PBF (UDAG)						**$529,349**
	Portland Business Fund 272 (Restricted - CIP):						
30230	Portland Food Cooperative	6/4/2014	10/1/2021	$130,000	$0	$130,000	$6,708
	Sub-Total PBF (Bonds/CIP Restricted)						**$6,708**
	Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
30250	Portland Trading Co. LLC	4/26/2013	8/1/2018	$15,000	$0	$15,000	$5,724
	Sub-Total Micro Capital Fund						**$5,724**
	Portland Business Fund Fund 274 (CIP/Unrestricted):						
30062	On Time Transportation	3/26/2018	4/1/2023	$10,000	$0	$10,000	$0
30070	Emerson, James (C19RR[Brick Trust])	5/21/2021	6/1/2023	$10,000	$0	$10,000	$10,000
30075	Dos Naciones LLC	3/3/2021	3/1/2023	$5,000	$0	$5,000	$5,000
30316	Rankin WA, LLC	2/28/2022	2/1/2024	$5,000	$0	$5,000	$3,292
30119	Quattrucci & Rouda, LLC	3/19/2019	4/1/2029	$100,000	$0	$100,000	$36,859
30400	AAA Rue Marchie, d/b/a Timber	3/28/2023	4/1/2028	$40,000	$0	$40,000	$36,099
	Sub-Total PBF (Bonds/CIP Unrestricted)						**$91,250**
	FAME Fund 277:						
30198	Auto-Care, LLC	2/5/2016	3/1/2021	$32,500	$0	$32,500	$18,567
30061	Forefront Brick South, LLC	11/18/2016	12/1/2026	$250,000	$0	$250,000	$90,199
30127	Gallery Acquisition Co. Inc.	5/16/2019	6/1/2026	$75,000	$0	$75,000	$26,306
30125	Zootility Co.	8/7/2019	9/1/2024	$150,000	$0	$150,000	$122,197
30378	Gulf of Sashimi	10/19/2022	11/1/2027	$65,000	$0	$65,000	$37,753
30416	Forefront Partners I, LP	5/31/2023	5/31/2033	$200,000	$0	$200,000	$190,492
30442	Tiparos88 LLC (Matcha Mood)	9/28/2023	10/1/2030	$49,999	$0	$49,999	$16,544
	Sub-Total FAME Fund						**$502,058**
	FAME SSBCI 279:						
30107	Biodiversity Research Institute	3/26/2021	4/1/2026	$200,000	$0	$200,000	$178,451
30086	Driscoll Child Dev. Center	5/5/2021	6/1/2026	$60,000	$0	$60,000	$37,525
30085	Flores Restaurant LLC	6/9/2021	7/1/2026	$38,000	$0	$38,000	$21,766
30071	Wynsum, LLC	11/5/2021	12/1/2026	$131,250	$0	$131,250	$124,407
30068	688 Forest Ave., LLC	12/21/2021	1/1/2027	$168,000	$0	$168,000	$157,679
30527	Another Round	6/5/2024	8/1/2029	$225,000	$0	$225,000	$225,000
	Sub-Total FAME SSBCI						**$744,829**
	Brownfields Loan Fund 278 and 280						
30222	Forefront Partners, LP/Fund 278	7/30/2014	2/1/2025	$200,000	$0	$200,000	$13,636
30515	Forefront Partners I, LP/Fund 280	5/31/2023	4/30/2033	$200,000	$107,959	$92,041	$91,745
30072	Forefront Partners I, LP/Fund 280	4/12/2018	1/1/2032	$350,000	$0	$350,000	$316,364
	Sub-Total Brownfields						**$421,744**
	Grand Total Loans			**$3,392,437**	**$107,959**	**$3,284,478**	**$2,301,661**
	Allowance for uncollectable loans at 15%						$345,249
	Total with Allowance for uncollectable loans:						$1,956,412