FINAL

Minutes
Portland Development Corporation
Remote Zoom Meeting
Held on July 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, July 18, 2024. Present from the Board of Directors were President James Dowd and Directors Jonathan Berg, Eamonn Dundon, Blaine Grimes, Nathan Henry, Kierston Van Soest, and Beverly Werber. Directors Sam Dargan, Thomas Mitchell, Councilor April Fournier, and Dena Libner 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 David McLaughlin, and Housing and Economic Development Department intern Nguyen Lam.

Item #1: Presidents Comments

President James Dowd welcomed new Board member Jonathan Berg, a Portland resident who works at Gorham Savings Bank.

Item #2: Review and vote on draft meeting Minutes for Board meeting held on April 18, 2024.

On motion made by Ms. Grimes, seconded by Mr. Dundon, the Board voted 4-0-2 (Mr. Berg and Mr. Dowd abstained) to accept the meeting Minutes of April 18, 2024 as published.

Item #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.

Mr. Berg recused himself from discussion on this item due to a potential conflict of interest.

Ms. Martin introduced a request for $2,636,424 in Brownfields cleanup funding for an affordable housing development at 89 Elm Street by Avesta Housing in the Bayside neighborhood, approved by the Planning Board in October 2023. The Board is not required to enter into executive session to discuss as Avesta Housing's financials are available publicly. The total request of approximately $2.6 million includes a $500,000 sub-grant and loan of approximately $2.1 million loan secured by a third mortgage on the property. If approved, the City would leverage $31 for every $1 of Brownfields funding and would also deplete our funding availability. This, however, allows the City to apply for additional funding likely to be received by mid-2025 due to available Bipartisan Infrastructure Law funds.

Nate Howes with Avesta Housing presented the Board with a brief presentation of the Bayside Master Plan, and the project at 89 Elm Street, which will offer 201 units of affordable housing at 60% at or below Area Median Income (AMI), with rents ranging from approximately $1340-$1720. Mr. Howes reiterated that this is a large project with total costs of $82.8 million, with most of the funds being provided through a Maine Housing loan and Low Income Housing Tax Credits (LIHTC).

Mr. Dundon asked Mr. Howes to confirm that this project was using $20 million Project Labor Agreements (PLAs) restricted funds from the Maine Jobs and Recovery Plan, which Mr. Howes did. Mr. Dundon also wanted to know how confident is Avesta Housing on the costs of remediating the site. Micheal Barton with Reveler said that through the process of itemizing the costs for the work that needs to occur on site, environmental assessments, remediation costs, soil management, and engineered covered systems and that there is a 90-95% confidence level in the numbers. Mr. Dundon asked about the $3 million that the City received 2 years ago and questioned whether there had been any inquiries regarding use of the funding. Ms. Martin affirmed that $3 million funding would be the source of the remediation for 89 Elm Street, explaining the City was first using a FY16 pot of funding that helped the Thompson's Point project and other Brownfields projects, and is near expiring and closing out with the recent approval of funds for the Front Street project.

Ms. Grimes inquired about the timeline for the project and what contingencies are in place. Mr. Howes replied that Avesta Housing plans to acquire the property in late 2024, using the Brownfields sub-grant funding to remediate the site, which would lead to a second tax credit closing in December of 2024, in which the Brownfields loan would come into play, after which construction of the building would start. Since this project has three major parties involved in the lending process, it is a relatively simple capital stack with secured commitments to seeing this project realized.

Mr. Dowd questioned if this project is dependent on any of the other phases of the Bayside Master Plan and why the closing of the project is not occurring sooner. Both Michael Barton with Reveler and Mr. Howes have confirmed that this project will move forward regardless of all other Bayside Master Plan phases. Mr. Howes explained that due to the PLAs and the time it takes to confirm final construction costs combined with the 60 days it takes to close takes the closing date to December.

Ms. Van Soest asked about the 1% interest rate and how that might compare to other loans to nonprofits. Ms. Martin explained that this is the first Brownfields loan for an affordable housing project, thus there are no apples to apples comparison; however, the interest rate aligns with the Maine Housing financing rates and also has been approved by the EPA.

Mr. Dowd opened public comment. George Rheault, from the West Bayside neighborhood spoke regarding his opposition to the project as a whole and urged the Board to vote against approving this loan. There being no further public comments, Mr. Dowd closed public comment.

Mr. Dundon believes that Inclusionary Zoning compliance is a standard of the site plan process and a process that the Planning Board addresses and does not have any bearing on a Brownfields loan. Mr. Dowd is in favor of any Brownfields remediation. Ms. Grimes asked for clarification of whether the $2 million loan would be paid back if something went awry before the closing, which Mr. Howes stated that only funds at play at this time is the $500,000 subgrant and the $2 million loan would only be utilized at closing in December, thus not putting it at risk.

On a motion made by Mr. Dundon and seconded by Ms. Van Soest, the Board voted 6-0-1 (Mr. Berg abstained) to approve the $500,000 subgrant to Avesta Housing Development Corporation and $2,136,424 loan to Avesta 89 Elm LP at the terms recommended by City staff.

Item #4: Discussion of Inclusive Loan Policies.

Ms. Martin would like the Board to discuss the addition of "Borrowers may pay a flat fee instead of interest" to our online loan intake form to provide the option for the City's loans to be more accessible to potential borrowers. This proposal was widely accepted and the initiative appreciated, with some discussion around legal requirements.

Item #5: Staff Verbal Update:

Ms. Martin introduced Nguyen Lam, the Department's Summer intern, a senior at University of Southern Maine and gave an overview of the marketing work done that highlights the recent Microenterprise Grant Program and PDC Commercial Loan recipients.

Ms. Martin shared a few slides regarding the Arts District looking for feedback from the Board on ways the City can help alleviate some of the challenges this area of Portland faces and highlight some of the program and incentives that some other cities use to combat empty storefronts such as displaying art, public investments, and vacancy ordinances. Mr. Watson outlined current and future efforts along with potential partners in the area. Board members offered initial thoughts on the Arts District and indicated a desire to learn more about the overarching goals of the City, along with interest in continuing the conversation.

Ms. Martin updated the Board on the current application to the Department of Energy for $3 million of funding for a clean energy revolving loan fund, with an expected response next month.

Ms. Martin asked for the Board's opinion on holding a Business Award event this year and after some discussion the Board determined that they would like the Business Awards event to continue on an annual basis.

Item #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 - 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.

This item was not discussed.

Item #7: 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: August 15, 2024.

There being no further business, based on a consensus of the Board the meeting adjourned at 5:15 p.m as the meeting no longer had a quorum due to the departure of Mr. Dundon and Ms. Werber at 5:00 p.m.

Respectfully, Kaela Gonzalez