# PORTLAND DEVELOPMENT CORPORATION
## Board Meeting

**DATE:** Tuesday, April 28, 2020
**TIME:** 12:00 PM
**LOCATION:** On Tuesday, April 28, 2020, at 12:00 Noon, the Portland Development Corporation (PDC) Board of Directors will conduct a virtual meeting using emergency legislation approved by LD 2167, 1 MRS 403-A, that authorizes cities and towns to conduct meetings online.

The Portland Development Corporation Board meeting is not required to take public comment, and this will continue during remote meetings.

You are invited to a Zoom webinar.
When: Apr 28, 2020 12:00 PM Eastern Time (US and Canada)
Topic: Remote PDC Board Meeting

Please click the link below to join the webinar:
https://zoom.us/j/91418953316

Or iPhone one-tap :
US: +13126266799,,91418953316# or +16465588656,,91418953316#
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 312 626 6799 or +1 646 558 8656 or +1 253 215 8782 or +1 301 715 8592 or +1 346 248 7799 or +1 669 900 9128
Webinar ID: 914 1895 3316
International numbers available: https://zoom.us/u/a3VYePXB

## AGENDA

1. President's comments

2. Review and vote on revised proposed guidelines/criteria for the following:

   a. COVID-19 Rapid Response Microloan Program Guidelines.

   b. COVID-19 Business Assistance Grant Program (BAP) Guidelines.

   c. COVID-19 Microenterprise Grant Program guidelines for possible recommendations to the City Council for approval in response to the Pandemic.

   See Memorandum and backup attached.

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

4. Next Regular Meeting Date: May 21, 2020

CITY OF PORTLAND
Economic Development
Gregory A. Mitchell, Director

# MEMORANDUM

| | |
|---|---|
| TO: | President Julie Viola and PDC Board Members |
| FROM: | Nelle Hanig, Business Programs Manager |
| CC: | Greg Mitchell, Economic Development Director |
| DATE: | April 27, 2020 |
| **RE:** | **Final Drafts of Guidelines for Three COVID-19 Loan and Grant Programs** |

## OVERVIEW

The three programs being proposed in final draft form to the Portland Development Corporation (PDC) are all intended to assist Portland businesses needing help due to the COVID-19 crisis.

Both the COVID-19 Business Assistance Program for Job Creation (Rehiring) (BAP) and the COVID-19 Microenterprise Grant Program (MGP) have been reviewed by the Community Development Block Grant (CDBG) staff for consistency with USHUD rules. These programs, would seek CDBG funding if approved by the City Council. The Portland Rapid Response Micro Loan Program (RRMP) would be funded with $400,000 from the PDC's unrestricted loan funds (CIP and UDAG), with $250,000 focused on the first round of the program.

## PROGRAM TIMEFRAMES

The PDC has the authority to set the application deadline for each of the programs. The funding for RRMP is available now, so it can be launched on May 5, 2020, a day after the City Council reviews and hopefully approves the program. Staff is suggesting an application deadline of May 20, 2020, giving applicants 2 full weeks to prepare applications. Relative to the other two programs, once funding is hopefully approved for one or both of them launch and application dates can be reviewed and approved by the PDC Board.

Attached to the Memo are two tables to assist with understanding the particulars of each of the three program and the differences between them, as well as final proposed guidelines for each.

- Table: City of Portland Proposed COVID-19 Business Financing Programs
- Table: Differences: Proposed Rapid Response Micro Loan Program & COVID-BAP
- Portland Rapid Response Micro Loan Program
- COVID-19 Business Assistance Program for Job Creation (Rehiring)
- COVID-19 Microenterprise Grant Program

**City of Portland Proposed COVID019 Business Financing Programs**

| Program | Funding Source | Funding Type & $ | Forgivable Loan | Match | # of Employees | Status of Business |
|---|---|---|---|---|---|---|
| | | | | | | |
| COVID-19 BAP | CDBG | Grant of $5,000 | | None | At least 2 FTE | Existing |
| Rapid Response Micro Loan Program | CIP & UDAG | Loan up to $10,000 | $5,000 if rehire 2 FTE, less for Bus. w/2-3 employees | None | 2 -8 FTE | Existing |
| COVID -19 Microenterprise Grant | CDBG | Grant up to $2,500 | | None | 0 to 1 FTE (not including owner) | Existing |

**Full-Time Equivalent (FTE): 1 full time job (at least 34 hours/week) equals 2 part-time jobs (at least 17 hours/week each)**

| Differences Between $5,000 from Rapid Response Micro Loan and COVID-19 BAP | | |
|---|---|---|
| | | |
| **Program** | **RAPID RESPONSE Micro Loan** | **COVID-19 BAP Grant** |
| Employee Income Prior to Rehire | Employees of any income | Low/Moderate Income Employees |
| Employee Status | Retain or rehire | Rehire only |
| When Receive Funds | Loan check at closing | Reimbursement of expenses or direct payment of invoices |
| | | |

THIRD DRAFT

# COVID-19 Portland Rapid Response Micro Loan Program

**Description**
The City of Portland Rapid Response Micro Loan Program (RRMP) is targeted to small businesses that had two (2) to eight (8) employees on January 31, 2020. The RRMP provides loans up to $10,000 to Portland businesses most impacted by COVID-19 that are in danger of closing, have laid off workers, or have had to close temporarily**.** This program is not intended to substitute for available COVID-19 federal and/or state commercial financing if a business is able to access one or both. Funding through this Program cannot be combined with any other PDC COVID-19 Program.

**Funding Source**
$400,000 from unrestricted City loan funds, capped at $250,000 for the first round of the program.

**Program Financing Terms**

- Loans up to $10,000 per business with $5,000 forgivable if meet requirement (see Employee Retention or Rehiring Section below);
- No application fee;
- Commitment fee of 0.5% of loan amount (e.g., $50 on a $10,000 loan);
- 0% interest rate with a 2 year term for repayment;
- Loan payments begin 6 months after loan closing.

**Program Eligibility**

- Business is located in Portland;
- Business had two (2) to eight (8) full time equivalent (FTE)* employees on its payroll on January 31, 2020. The required number of hours for a full and part-time job** is noted below under Definitions.
- Sales < $1,000,000;
- Business was in existence on January 31, 2020
- Demonstrates that other available federal and state emergency loan programs are not available to assist the company.

**Allowable Use of Funds**
Rent, utilities, inventory, payroll and any other expenses needed to maintain business operations or restart business. If business is closed, funds cannot be used to pay owner.

**Employee Retention or Rehiring**: $5,000 loan is forgivable if at least two full-time equivalent (FTE)* employees or jobs that were on the payroll on January 31, 2020 are back on the payroll or remain on the payroll by the following timeframe:

- Within nine (9) months of signing a loan agreement or six (6) months after the City COVID-19 Stay at Home Order has been lifted, whichever comes first. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted;

- Businesses that had just two to three FTE employees on January 31, 2020 are required to hire back at least 50% of those employees or jobs within the above noted timeframe in order for $5,000 to be forgiven.

**Review Criteria**

The following criteria will be weighed, but the Portland Development Corporation (PDC), the City's lending board, has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID- 19;
- If closed, timing when business will reopen;
- How quickly jobs will be re-created or employees rehired if all employees as of January 31, 2020 have not been retained;
- Quality of employee compensation and benefits package (for example, wages, health, vacation, sick leave);
- Personal credit score of at least 600;
- Health of business prior to COVID-19 crisis;
- Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

**Required Submittals**

- City of Portland Rapid Response Micro Loan Program Application;
- Personal financial statement from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;
- Business plan for those businesses that were established in 2019;
- Payroll from January 31, 2020 showing number of full and part-time employees;
- Demonstrated efforts to access Federal and State resources that were unsuccessful (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs.

**Security for Approved Loan**

- Unlimited personal guarantees from all with ownership of 20% or greater;
- UCC-1 on all business assets (ABA) regardless of lien position relative to other lien holders, if any.

**Application Schedule and Process**:

The Portland Development Corporation (PDC) has the authority to establish application deadlines. Expedited loan closings will be provided after completed loan application packages are received by staff and reviewed for eligibility, analyzed by an underwriter and presented to the PDC for review and approval.

**Program Sunset**
This program has a termination date of December 31, 2020.

**Definitions**
* Full Time Equivalent (FTE): One full-time job equals two part time jobs.

**Per the Maine Department of Economic and Community Development, the definition of a full-time job is at least 1,750 hours/year (34 hours/week) and for a part-time job at least 875 hours per year (17 hours/week) but less than 1,750 per year.

# <u>FOURTH DRAFT</u>

## COVID-19 Portland Business Assistance Program for Job Creation (Rehiring)

**Description**
The City of Portland's COVID-19 Business Assistance Program for Job Creation (BAP) provides $5,000 in grant funding to small businesses for **<u>rehiring</u>** two or more full-time employees that were on the payroll as of January 31, 2020. The jobs, which must be filled by low/moderate income individuals,* could include previous employees or new employees. This program is not intended to substitute for available COVID-19 federal and/or state commercial financing programs if a business is able to access them. Funding through this Program cannot be combined with any other PDC COVID-19 Program.

**Program Objectives**
- Create (rehire) jobs for two or more low/moderate income individuals;
- Stabilize and strengthen existing businesses impacted by the COVID-19 crisis;
- Stabilize and strengthen the Portland economy.

**Funding Source**
Community Development Block Grant Funds.

**Financing Terms**
- Maximum grant of $5,000 per business;
- Grant is provided on a reimbursement basis for eligible expenses or through direct payment of eligible expenses.

**Program Requirements/Eligibility**
- Create (rehire) at least two (2) full-time equivalent (FTE) jobs. One FTE = two Part-Time jobs. (See definitions below required hours for full-time** and part-time***)
- Created (rehired) job(s) with the help of the grant are marketed to and filled by low/moderate income individuals;*
- Wages will exceed Portland's minimum wage;
- Business was in existence on January 31, 2020;
- Demonstrates that other available federal and state emergency assistance is not available to the company.
- Business must be located within the City of Portland;
- Applicant cannot owe outstanding property taxes, fees, or judgments to the City, and property must be free of all City liens and encumbrances.

**Eligible Funding Activities**

- Working capital expenses (e.g., rent, utilities, payroll, insurance, inventory);
- Business consulting services (e.g., accounting, marketing, software, legal assistance);
- Employee training.

**Ineligible Activities**

- Refinance existing debt;
- Down payment for other financing;
- If business is closed, funds cannot be used to pay owner;
- Use of grant funds for activities, commenced or completed prior to program funding approval and prior to signing a grant agreement.

**Application Review Criteria**

- Career Potential
  - Job training in a marketable skill;
  - Potential for job advancement within the company or elsewhere.
- Employer
  - Completeness of application package (all required submittals);
  - Personal credit score of at least 600
  - Demonstrated need for grant funds to create (rehire) job(s), that is, has been substantially impacted by COVID-19 crisis;
  - How quickly will jobs be created again or employees rehired;
  - Number of jobs to be created again exceeds two (2) FTE;
  - Health of business prior to COVID-19 crisis;
- Business Sector: Growing/Trending up in Portland
- Compensation and Benefits: Quality of compensation and benefits package (for example, wages, health, vacation, sick leave);
- Community: Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

**Application and Approval Process**

The City's Economic Development Department is responsible for administration of the COVID-19 Business Assistance Program for Job Re-Creation, with guidance from the Housing and Community Development Division. Eligible applications are submitted to staff, analyzed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review and approval. The PDC has the authority to establish application deadlines.

**Required Submittals**

- City of Portland Program Application;
- Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;
- Business plan if business was established in 2019;

- Payroll from January 31, 2020 showing number of full and part-time employees;
- Demonstrated efforts to access Federal and State resources that were unsuccessful (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs. Maximum grant awards will be capped at the beneficiaries total need amount to prevent duplication of benefits.

**Reporting and Tracking Requirements (after grant approval)**
Jobs must be created again within nine (9) months of signing a grant agreement (after being approved) or six (6) months after the City Stay at Home Order has been lifted, whichever is sooner. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted. Grant recipients will be required to provide quarterly reports until all re-created jobs/rehires are made and then for one year from rehiring date.

**Sunset Provision**
This program has a termination date of December 31, 2020.

**Definitions**

* For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link: http://www.portlandmaine.gov/DocumentCenter/Home/View/8939

** Definition of a full-time job, per the Maine Department of Economic and Community Development, is at least 1,750 hours/year.

*** Definition of a part-time job, per the Maine Department of Economic and Community Development, is at least 875 hours per year but less than 1,750 per year.

# FOURTH DRAFT

## COVID-19 Portland Microenterprise Grant Program (MGP)

**Program Description**
The City of Portland's Microenterprise Grant Program (MGP) is targeted to very small businesses with less than two employees. The MGP provides grants of up to $2,500 to existing Portland Microenterprises that have been impacted by the COVID 19 crisis. The **definition of a microenterprise*** for the purposes of this program, is a business that has no more than one full-time equivalent employee (FTE), which is 1 full-time or 2 part-time employees, as well as the business owner(s) who must be a low/moderate income individual **. Funding through this Program cannot be combined with any other PDC COVID-19 Program.

**Program Objective**
The stabilization of Portland microenterprises that lease commercial space, whether the business is open or temporarily closed.

**Funding Source**
Community Development Block Grant.

**Financing**
Maximum grant of $2,500 per microenterprise.

**Program Requirements/Eligibility**
- Business is open: Need for grant funds to keep business open and operating;
- Business is temporarily closed: Need for grant funds to maintain business' leased space and reopen business as soon as possible;
- Owner(s) must be low/moderate income:
- If the business has employees, at least 51% must be low/moderate income;
- Business can have no more than 1 FTE employee, as well as the owner;
- Business must be located within the City of Portland;
- Owner is unable to finance business expenses on his/her own;
- Other sources of government funding are not available;
- Applicant does not owe outstanding property taxes, fees, or judgments to the City and property must be free of all City liens and encumbrances.

**Eligible Funding Activities:**
Expenses that are needed to keep the business open or maintain the business' leased space if the business is partially or fully closed and to reopen as soon as possible.

**Ineligible Activities:**
- Refinance existing debt;
- Down payment for other financing;
- Wages for business owner(s) and family members of the business owner(s);
- Use of grant funds for activities other than those that are noted as eligible.

## Application Review Criteria

The Portland Development Corporation (PDC), the City's lending and granting board, will weigh the following criteria, but has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID-19 crisis:
    - Demonstrated need for grant funds if business is open;
    - Demonstrated need for grant funds to maintain leased space if business is closed;
- If closed, timing when business will reopen;
- If business had employees, timing when business will hire back furloughed employee(s) or re-create job(s) that existed on January 31, 2020;
- If business had employees, company profile of employee wages and benefits;
- Heath of business on January 31, 2020
- Personal credit score of at least 600

## Required Submittals

- City of Portland Microenterprise Program Application;
- Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- If taxes for 2019 are not available, a Balance Sheet and a Profit and Loss for 2019;
- If had employees on January 31, 2020, payroll showing number of full and part-time employees;
- Demonstrated efforts to access Federal and State financial resources that were unsuccessful (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs. Maximum grant awards will be capped at the beneficiaries total need amount to prevent duplication of benefits.

## Application and Approval Process

The City's Economic Development Department is responsible for administration of the COVID-19 Microenterprise Grant Program, with guidance from the Housing and Community Development Division. Applications are submitted to staff for eligibility review and may be analyzed by an underwriter. Eligible applications are presented to the Portland Development Corporation (PDC) for its review and approval. The PDC has the authority to establish application deadlines.

## Reporting and Tracking (after grant approval)

If business is still operating, within six months of the City COVID-19 Stay in Place Order being lifted the payroll will be at the same capacity it was on January 31, 2020. If business is temporarily closed it will be operating within six months of the City COVID-19 Stay in Place Order being lifted. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted.

**Sunset Provision**
Program has a termination date of December 31, 2020.

**Definitions**
*For the purposes of this Program, a microenterprise business is defined as a commercial enterprise that has no more than one full-time employee (at least 34 hours per week) or two part-time employees (at least 17 hours/week) as well as the business owner(s). The owner(s) must be low/moderate income.

**For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link: http://www.portlandmaine.gov/DocumentCenter/Home/View/8939