PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: Tuesday, June 9, 2020
TIME: 4:00 PM
LOCATION:

You are invited to a Zoom webinar.
When: Jun 9, 2020 04:00 PM Eastern Time (US and Canada)
Topic: Remote PDC Board Meeting

Please click the link below to join the webinar:
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AGENDA

1. President's comments

2. Review and accept draft meeting Minutes

   a. See attached draft meeting Minutes of April 16, 2020.

   b. See attached draft meeting Minutes of April 23, 2020.

c. See attached draft meeting Minutes of April 28, 2020.

3. Review and vote on COVID-19 Rapid Response Loan applications as follows:

a. Shunk Child Care

b. Women In Need, Inc.

c. United Obligations

Note: See confidential backup. There will be no public presentation. Executive Session: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board will go into executive session to discuss proprietary information regarding these loan applications. After the executive session, the Board will vote in public session.

4. Review and vote on COVID-19 Microenterprise Grant applications as follows:

a. Claramunt Group, Ltd. Co.

b. Designs by CC, LLC

c. Inn at Park Spring

d. TMC Portland, LLC

e. Makkah Market, LLC

Note: See confidential backup. There will be no public presentation. Executive Session: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board will go into executive session to discuss proprietary information regarding these grant applications

5. Review, discuss, and vote to recommend to the City Council possible amendments to the COVID-19 Loan and Grant Programs:

a. Rapid Response Loan Program

b. Microenterprise Grant Program

c. COVID-19 BAP Program

See attached Memorandum and backup.

6. Other items to be discussed/brought up by Board Directors and/or staff.

7. Next Regular Meeting Date: June 18, 2020

Minutes
Portland Development Corporation
Remote Zoom Meeting
Held on April 16, 2020

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, April 16, 2020. Present from the Board were Directors Tim Agnew, Councilor Tae Chong, James Dowd, Tom Dunne, Blaine Grimes, Jon Jennings, Jeffery Hicklin, and Briana Volk. Board President Julie Viola could not be attendance, as well as Directors Steve Lovejoy and Laura Reading. Present from the City staff were Business Programs Manager Nelle Hanig, Outreach and Initiatives Coordinator from OEO Angelina Klouthis, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. Grant/loan underwriters Vin DiCara and David McLaughlin were also present.

Board Treasurer Ms. Grimes chaired the meeting.

Item #1: President's Comments

Ms. Grimes noted that the Board will take up agenda items in public as much as possible and would then go into executive session to review proprietary information as needed, after which it would come out of executive session and vote publicly. Votes on motions would be done via roll call.

Item #2: Review and accept Minutes of the January 30, 2020 Board meeting.

On made by Mr. Jennings, seconded by Mr. Hicklin, the Board voted 5-0-3 (Dowd, Dunne, Volk abstained) to accept the Minutes as published.

<u>Item #3: Review and vote on Brownfield grant request from Portland Housing Authority for the affordable housing project on Front Street.</u>

<u>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 proprietary information regarding this loan application.</u>

Ms. Hanig introduced this item noting that Portland Housing Authority (PHA) is requesting a $125,000 Brownfield grant to assist with cleanup for the Front Street affordable housing project. PHA will be demolishing 50 units of public housing that are at the end of their useful life, and in their place construct 105 units of affordable mixed-income apartments. This will include open space for use by residents. She then introduced Jay Waterman from PHA.

Mr. Waterman thanked the Board for their time. He noted that the 50 units of housing that will be demolished have been there for 50 years and were built as temporary housing, so not built to a great standard and on a former City dump. CDBG funds of $250,000 will be used to partially cover the costs of temporarily relocating 28 families during Phase I of the project. Brownfield cleanup funds will be used for hazardous material removal and soil remediation. The project has its building permit from the City for development. Work continues on design and financing the project. The total cost of construction for Phase I is $13 Million; Phase II $7.5 Million.

Mr. Dunne asked about the balance of the Brownfield Grant fund after this project and are there any others on the horizon.

Ms. Hanig said that there will be approximately $250,000 remaining after approval. In the future, there may be a request for grant funding for redevelopment of the former Maria's Restaurant site located on Cumberland Avenue.

Councilor Chong said that he is pleased with this project, and asked if a community center was part of the design and the financing package. Mr. Waterman described the various sources of funding, noting that Phase I is the area between Illsley and Front Streets and it does include a community center.

There being no further questions, Mr. Dunne made a motion to approve the Brownfield grant as recommended by staff; Councilor Chong seconded the motion. Ms. Grimes then took a roll call vote on the motion and it passed unanimously (8-0).

Item #4: Review and vote on a recommendation to the City Council regarding loan guidelines for a proposed City of Portland Emergency Microloan Program.

Ms. Hanig said this is a completely new loan program designed for businesses with between 4 and 15 employees who need assistance during the COVID-19 Pandemic. Loans would be up to $15,000, with $5,000 forgiven based on employee levels as of February 1, 2020. Two proposed scenarios for the $5,000 forgiveness are either the same number of full- and part-time employees are hired back that worked there as of February 1, 2020, or the current number of full- and part-time jobs at the business on February 1, 2020 were maintained. She then described the proposed loan guidelines and the source of funding being the PDC Unrestricted funds, of which up to $400,000 could be available.

Ms. Hanig noted that the recent Federal funding has been used up, and that the proposed guidelines would need City Council approval.

There was discussion by Board members that getting back to full staff, or maintaining full staff, may too high a threshold for businesses. It is more important to assist the business to stay open.

There was then discussion on process and making decisions, i.e., based on the business being healthy in 2019, looking at credit scores, personal financial statements, and the business' own resources.

Councilor Chong asked about the target audience, if it would be first-come first-serve, and what about assistance for sole proprietors.

Mr. Hicklin also shared the concern for sole proprietors.

Mr. Jennings noted the target audience is for the City to help smaller businesses stay afloat.

Discussion continued and, based on that discussion, Mr. Agnew suggested the following:

- Business would not be eligible if it received another COVID loan or grant;
- $5K forgiven if 1/3 of employees are back within a year;
- no limit on number of employees, but minimum of 1;
- Sunset 12/31/2020;
- Cap of $400K for this program from the PDC unrestricted funds;
- Two year loan term; renegotiate if needed.

Mr. Dunne suggested a first round of funding capped at $250,000, with a second round, if needed, capped at $150,000.

Councilor Chong would support a first and possible second round of funding, and suggested reaching out to unsophisticated businesses to alert them of this program.

Ms. Volk asked if a business could apply for the first round loan funds at $250,000, and again for the second round of loan funds at $150,000. Board consensus was the business could apply for one loan.

Ms. Grimes asked staff if it would be approving the loans or the Board, and Mr. Jennings said that for transparency purposes all loans should be brought to this Board.

The Board and staff discussed number of employees for eligibility in this loan program, with consensus being eligible for businesses with 1 to 8 employees, and, with one-third back or still employed, $5,000 would be forgiven.

Regarding criteria, Mr. Jennings recommended that staff come back with draft criteria; but this can still be forwarded to the City Council.

Councilor Chong made a motion to forward the Emergency Microloan Program to the City Council utilizing up to $400,000 of the PDC unrestricted funds, with this Board designing process for the first $250,000 and then the remaining $150,000 at its discretion; up to $10,000 maximum loan limit; minimum of 1 to 8 employees; goal to have one-third (1/3) rehired within a year; business cannot have received any other COVID-19 funding assistance; not first-come first served; have staff come back here to determine process/criteria; loan repaid within two years; sunset 12/31/2020.

Ms. Volk seconded the motion, and Ms. Grimes took a roll call vote and it passed unanimously (8-0).

Items #5, #6, &8 on the Agenda: Mr. Mitchell recommending tabling these items; Board concurred.

Item #7: Review and vote on proposed loan modifications to:

a) Forefront Partners I LP, Thompson's Point;
b) Inn at Diamond Cove, Great Diamond Island;
c) Rosemont Market, 832 Stevens Avenue;
d) Union Bagel, 147 Cumberland Avenue;
e) SB & LC, 314 Warren Avenue.

EXECUTIVE SESSION: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A, the Board will go into executive session to discuss proprietary information regarding these loan modifications. After the executive session, the Board will vote in public session.

On motion made Mr. Jennings, seconded Mr. Dunne, the Board voted unanimously to go into executive session at approximately 5:00 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 these loan modifications. (Mr. Jennings left the meeting during the executive session.) At approximately 5:35 p.m., the Board came out of executive session.

Forefront Partners I LP, Thompson's Point

On motion made by Mr. Agnew, seconded by Mr. Dunne, the Board voted unanimously (7-0) to approve the loan modifications as recommended by staff and loan underwriter.

Inn at Diamond Cove, Great Diamond Island

On motion made by Mr. Dunne, seconded by Mr. Hicklin, the Board voted unanimously (7-0) to approve the loan modification with a five-year extension, as opposed to a three-year extension.

Rosemont Market, 832 Stevens Avenue

On motion made by Mr. Hicklin, seconded by Mr. Dunne, the Board voted unanimously (7-0) to approve the loan modification with a 10-year extension, as opposed to a three-year extension.

Union Bagel, 147 Cumberland Avenue

On motion made by Councilor Chong, seconded by Ms. Volk, the Board voted unanimously (7-0) to approve the loan modifications as recommended by staff and underwriter.

SB and LC, 314 Warren Avenue

On motion made by Councilor Chong, seconded by Mr. Agnew, the Board voted unanimously (7-0) to approve the loan modifications as recommended by staff and underwriter.

On motion made by Councilor Chong, seconded by Mr. Hicklin, the Board voted unanimously (7-0) to adjourn the meeting at approximately 5:44 p.m.

Respectfully, Lori Paulette

Minutes

Portland Development Corporation

Remote Zoom Meeting

Held on April 23, 2020

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, April 23, 2020. Present from the Board were Directors Tim Agnew, Councilor Tae Chong, James Dowd (as noted herein), Tom Dunne, Blaine Grimes, Jeffery Hicklin, Steve Lovejoy, and Laura Reading. Board President Julie Viola could not be attendance, as well as Directors Jon Jennings and Briana Volk. Present from the City staff were Business Programs Manager Nelle Hanig, Outreach and Initiatives Coordinator from OEO Angelina Klouthis, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. Grant/loan underwriter David McLaughlin was also present.

Board Treasurer Ms. Grimes chaired the meeting.

Item #1: President's Comments

Ms. Grimes noted that there are updates to the three proposed programs from last week's Board meeting.

Ms. Hanig said that in order to have all three programs work together, there have been additional updates to the now called "Rapid Response Loan Program" (RR), as well as the COVID-19 BAP Program and the Microenterprise Grant Program. The intent is that no business gets more than $5,000 in grants. The RR is now proposed to be back to the maximum loan amount of $15,000, rather than $10,000 as the Board recommended, as it makes sense with the other two programs. Also, 1/3 employees back within a year was recommended at the last Board meeting. It is being recommended that RR have the same provisions as the COVID-19 BAP (BAP) Grant Program, that is at least two full-time employees (FTE) be back within 9 months of loan/grant agreement, or 6 months after that the Stay at Home order is lifted, whichever comes first.

Councilor Chong would recommend up to the $10,000 in loan funds in the RR to help more businesses, and generally agreed with the two full-time employees. With regard to the latter, is the business owner considered an FTE?

Ms. Hanig said that with RR and BAP, the business owner is not counted toward to the 2 FTE.

Ms. Grimes asked what the funding would be for the BAP and Micro Grant Programs.

Mr. Mitchell said that recommendations are being advanced to the City Council, using CDBG Funding. There is a recommendation now for $77,000 for the BAP, and funding for the Micro will be based on another upcoming round of HUD funds under discussion that could fund the Microenterprise Grant Program and add funding to BAP with potentially $200,000 more.

Mr. Agnew asked if there would also be funding for the regular BAP program, and Mr. Mitchell indicated in the negative at this time.

Ms. Grimes asked if the Micro was a $5,000 grant or a $2,500 grant, and Ms. Hanig clarified the Microenterprise Grant Program to be $2,500.

(Mr. Dowd joined the meeting.)

Councilor Chong indicated that getting more employees hired is key, noting that CDBG requirements are moving to job creation and retention.

Board and staff discussed the proposed RR guidelines that the business has to hire 2 FTEs, as well as timeline. Consensus was the lower of either 50% of employees or two employees rehired or on the payroll 9 months after loan agreement is signed, or 6 months after Stay at Home Order is lifted.

Mr. Hicklin questioned which Stay at Home Order, the State's or the City's, while also noting some businesses may be able to open earlier than others.

Mr. Agnew agreed, it needs to be clear which Stay at Home orders are being lifted, and make it business specific. Noted consensus was the City of Portland's Stay at Home Order.

Ms. Grimes asked the Board about the maximum RR loan amount being proposed now by staff at $15,000.

Ms. Hanig said that she is hearing many will be applying for $5,000 but some will want $15,000 available.

There was discussion on the maximum loan amount with general consensus at $10,000, noting criteria that the business has been turned down by Federal or State assistance, or has not tried.

Mr. Dunne then noted a need for a baseline to say no to some of the applicants and not be on a first-come first serve basis, with staff and Board using their judgment to serve various communities.

Mr. Agnew suggested bringing in some criteria in other programs. Regarding timing and deadlines, it should be left to the Board's discretion to establish deadlines to review a pool of applicants and then to another pool.

Ms. Grimes suggested that a newly formed business at high risk would be difficult to fund.

Mr. Dunne noted the program has criteria, as well as noting Board has discretion.

There followed discussion about target audience, minority population, business serves a low to moderate income population, hiring indigent people.

Mr. Dowd noted that he needed to leave the meeting, but indicated some of the above would be difficult to administer and prove.

Ms. Grimes added that ideally the RR loan program will be able to help fund a diverse number of businesses.

Mr. Agnew noted that he is fine with the high level of criteria in the guidelines, and that the business should be viable and have potential to create jobs.

Mr. McLaughlin said that he was recently at GPCOG, and the PDC can expect the demand to be high.

Regarding deadlines, it was the Board consensus that it should have the discretion to impose deadlines for applications, as well as what types of business that could apply to leave open for a diverse mix of applications to come in.

Ms. Grimes thanked the Board for providing feedback to staff, noting it may take one more meeting for a recommendation to the City Council.

COVID-19 BAP

Ms. Hanig said that the BAP maximum grant is proposed at $5,000 for the rehiring/re-creating 2 jobs. Criteria includes most of RR criteria, as well as career potential, compensation, and benefits. Ms. Hanig noted that with this and the Microenterprise program, she still needs to run them by CDBG folks and then on to the City Council.

Ms. Reading asked about getting the grant funds to applicants, and Ms. Hanig indicated this is a reimbursement program based on documentation from the business.

Mr. Agnew asked about how quickly the jobs need to get created, and Ms. Hanig indicated that at the latest within 9 months of signing the grant agreement.

Ms. Hanig asked if the Board would prefer to have guidelines the same as RR, that is bring back 50% of employees – being low to moderate income employees for this program, and the Board consensus agreed.

Ms. Grimes noting no further feedback, the Board would move to the Micro program.

Micro Grant Program

Ms. Hanig said that this grant program would be for those businesses with no more than one FTE who is a low to moderate income individual. The target clientele are for those businesses which lease space, and need funds to continue to lease. She asked if co-working space should also be included.

Councilor Chong indicated in the affirmative, as well as commercial kitchens.

Mr. Agnew asked if a business does not lease space but has expenses, could that business qualify, with Ms. Grimes asking if it was a HUD requirement.

Ms. Hanig indicated that it was not a HUD requirement; staff wanted to avoid businesses paying themselves.

Councilor Chong said that the business would have to document actual expenses if did not lease space.

Mr. Lovejoy suggested that an ineligible expense be hiring a family member, and Ms. Hanig said that she will add that in and to the two other programs as well.

Ms. Grimes noted that the business in existence date should be the date of the declared emergency, which is January 31, 2020, not February 1, 2020; Mr. Hicklin concurred.

Ms. Hanig thanked the Board and indicated that she could incorporate this feedback into the guidelines and would arrange for a Board meeting early next week.

Ms. Reading asked for clarity on loan payments beginning and being forgiven at that meeting.

The Board then discussed when to meet next week, and, after a show of hands, it was set for Tuesday, April 28, at Noon.

Noting the time, consensus of the Board was to table the remaining items on the Agenda.

On motion made by Councilor Chong, seconded by Mr. Hicklin, the Board voted unanimously to adjourn at approximately 5:47 p.m.

Respectfully, Lori Paulette

Minutes

Portland Development Corporation

Remote Zoom Meeting

Held on April 28, 2020

A remote meeting, via Zoom, of the Portland Development Corporation (PDC) Board of Directors was held at 12:00 Noon on Tuesday, April 28, 2020. Present from the Board were Directors Tim Agnew, Councilor Tae Chong, Tom Dunne, Blaine Grimes, Jeffery Hicklin, Jon Jennings, Steve Lovejoy, and Laura Reading. Board President Julie Viola could not be attendance, as well as Directors James Dowd and Briana Volk. Present from the City staff were Business Programs Manager Nelle Hanig, Outreach and Initiatives Coordinator from OEO Angelina Klouthis, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette.

Board Treasurer Ms. Grimes chaired the meeting.

Item #1: President's Comments

Ms. Grimes noted that there are updates to the three proposed programs from last week's Board meeting.

Ms. Hanig said that the three programs are designed to assist Portland businesses needing help due to the pandemic. She checked in with the CDBG staff to be sure the guidelines for the COVID-19 BAP and the COVID-19 Microenterprise Grant program are in compliance with the USHUD rules, and they are. Once these programs are launched and applications are received, staff will review, together with underwriters, and then those that are eligible will be brought to this Board for review and approval.

Ms. Grimes said that the Board had a thorough discussion last week, and requested high level questions, comments, concerns, timing, application pool, and number of employees.

Mr. Agnew asked what the changes were as it was not redlined in the guidelines in the backup.

Ms. Hanig said that it was getting difficult to read with all the redlines, so clean versions are in the backup. The Rapid Response (RR) loan program is now targeted to those businesses with 2 to 8 employees as of January 31, 2020. The maximum loan amount is up to $10,000, with $5,000 forgiven within 9 months of loan agreement or 6 months after the City's Stay at Home order is lifted, whichever comes first, if they have retained or hired back at least 2 FTE. For businesses with just 2-3 employees, they would be required to hire back or retain 50% of them. Sales for the businesses also have to be less than $1 million, and the businesses have not been able to access Federal and/or State programs. Loan funds can be used for any expenses to restart or continue the business. The Board can establish deadlines. All applications would be reviewed by staff and underwriter. The program would sunset December 31, 2020.

Councilor Chong thanked Ms. Hanig for the update. He questioned if the businesses had 8 employees and would be required to hire back or retain 2 FTE, suggesting perhaps have it be level across the page and have all businesses required to retain or rehire 50%.

The Board and staff then discussed the 50% option of retaining or rehiring employees who were in existence as of January 31, 2020 for all businesses in this loan program. After discussion, consensus was for it to be 50% across the board for all loan applicants, as well as include language so as to when the City's Stay at Home Orders are "lifted for that particular business".

Ms. Grimes noted two amendments then: 50% to retain/rehire employees as of January 31, 2020, for all businesses that are approved through this loan program, as well as to have additional language that when the City's Stay at Home order is lifted "for that particular business".

There followed discussion about how the three programs would be administered, prioritized, and approved.

Ms. Hanig said that a spreadsheet would be created to see where business loan and grant applications fall under the criteria in each program. Upon review, it would begin to show those that are/are not eligible and then staff and underwriter can review those that are eligible.

There was also discussion about those businesses who provide more of a social benefit to be pushed up the ranks, while other Directors were not entirely supportive. The program is designed to get businesses back and running and employees back to work.

Mr. Mitchell said that loan program criteria are designed for the applicants to achieve certain thresholds to be considered for investment by the City, including economic viability, jobs and timing, benefits associated with jobs, and a 600 credit score. He noted that the social benefit was added at the last meeting. There will be a matrix for each application, and there will be some subjectivity. Staff heard that a diversity of businesses was wanted at the last meeting. Mr. Mitchell said that he and staff feel confident with these guidelines and will be able to move forward when applications are received.

Mr. Jennings made a motion to amend the RR guidelines to include language for when the City's Stay at Home Order is lifted "particular to that business" which is applying for an RR loan. Councilor Chong seconded the motion and it passed unanimously.

Mr. Jennings made a motion to amend the RR guidelines to have 50% of employees hired or retained by all businesses receiving a loan, versus 2 employees or if the businesses has 2-3 employees 50% hired or retained.

Councilor Chong seconded the motion and it passed unanimously.

Mr. Jennings made a motion to forward the proposed guidelines, as just amended, to the City Council for approval.

Councilor Chong seconded the motion and it passed unanimously.

There was a brief discussion on process, and staff indicated that they would come forward with a plan for Board review.

COVID-19 BAP Program Guidelines

Ms. Hanig said that the COVID-19 BAP is just for rehiring two or more FTEs, which must be filled by low/moderate income individuals, who were on the payroll as of January 31, 2020. The maximum grant is $5,000, which would be provided to the applicant either to reimburse invoices paid, or pay invoices directly. If the applicant shows one rehired, $2,500 can be provided, with the other $2,500 upon rehiring of a second employee, both within a timeline of 6 to 9 months from signing grant agreement.

Mr. Jennings, noting that he had another call, indicated that the business is provided the funding once it provides evidence of rehiring.

(Mr. Jennings and Ms. Reading had to leave the meeting at this time.)

Mr. Dunne asked about funding for this program, and Mr. Mitchell indicated that there is currently $77,000 reserved in CDBG funds for the program. There has been discussion about some additional CDBG coming to Portland, with some of that funding being allocated to this and

COVID-19 Microenterprise Fund. It is anticipated that this funding would be on the May 18th City Council Agenda for approval.

Mr. Goldman said that the same lifting of the City's State at Home Orders "for the particular business" would be added.

Mr. Agnew made a motion to accept the guidelines, with clarifying amendment that once the first job is rehired, $2,500 in grant funds can be provided to the business; and, when the second job is rehired, the remaining $2,500 in grant funds can be provided. In addition, regarding the City's Stay at Home Order is lifted, include language "for the particular business" to the guidelines.

Mr. Dunne seconded the motion, and Ms. Grimes asked for a vote and it passed unanimously.

COVID-19 Microenterprise Grant Program (MEP)

Ms. Hanig said that the MEP is targeted to very small businesses with less than 2 employees. It would provide grants of up to $2,500 to existing microenterprises that have been impacted by COVID 19. The business owner must be a low/moderate income individual. The objective is the stabilization of these businesses that lease commercial space and assist them with remaining open or reopening. With this program, the goal is if the business is still operating, within 6 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 the business is temporarily closed, it will be operating within 6 months of the City COVID-19 Stay in place order being lifted.

Mr. Agnew asked if there were any clawback, and Ms. Hanig said there was not. If the impacted business was ordered to be closed because of the Stay at Home Order, that meets HUD requirements.

Mr. Dunne made a motion to recommend the MEP Guidelines to the City Council, including inserting the language "particular to that business" when the City Stay at Home order is lifted.

Councilor Chong seconded the motion, and the motion then passed unanimously.

On motion then made by Councilor Chong, seconded by Mr. Dunne, the Board voted unanimously to adjourn at approximately 1:20 p.m.

Respectfully, Lori Paulette

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:	June 4, 2020
RE:	**Proposed Modifications to PDC COVID-19 Programs**

OVERVIEW

The three COVID-19 grant and loan programs were launched on May 19, 2020, the day after the City Council approved final funding for the two CDBG funded programs. At staff's request a wide range of partner organizations reached out to various business sectors and communities with program information about the Rapid Response Microloan Program, the Microenterprise Grant Program and the COVID-19 BAP Rehire Program. In addition, staff organized and participated in a Zoom webinar that had about 30 attendees. The City's website contains comprehensive information about the three programs, how to apply and, of course, the application.

The PDC set a deadline of June 4th so that the potential beneficiaries of the funding wouldn't be those whose applications came in first, given that numerous applications were anticipated. Fifteen applications were received, eleven seeking a Microenterprise Grant and four seeking a Rapid Response Microloan. Among them, just five of the Microenterprise grant applications were eligible and three of the Rapid Response applications. The reasons varied for ineligibility. In a number of cases, the applicants did not fully understand the program requirements or understand they were not eligible but decided to submit an application anyway.

UNANTICIPATED INELIGIBILITY

There were unanticipated characteristics that made some businesses ineligible for the COVID-19 loan and grant programs. This was learned via applications received, phone calls and emails to staff. They include the following:

1. In-home day care and bed & breakfast businesses applied to the Microenterprise Grant Program. In both cases, the businesses work out of the owner's home. Since they don't lease space, a requirement of the program, they are ineligible;

2. Businesses that received any funding from the SBA are not eligible for funding from any of the City's COVID-19 programs. At least four businesses contacted staff about receiving $1,000 as an advance on the SBA's PPP or EIDL products. They were ultimately rejected for funding but were permitted to keep the $1,000 advance;

3. Any business that opened in February is not eligible. To be eligible for any of the three programs a business had to have been in existence on January 31, 2020;

4. Nonprofits are only eligible to apply for the Rapid Response Microloan Program because it does not use CDBG as its source of funding. Program eligibility requires between 2 and 8 Full Time Equivalent (FTE) employees. Small nonprofits can have fewer than 2 employees and sometimes just a single employee, the executive director.

5. Some businesses have contract workers rather than employees. Independent contract workers are not on a payroll, they have no permanent job status, the employer doesn't pay into social security for these workers, and the Fair Labor Act requiring payment of minimum wage does not apply to these workers.

RECOMMENDED MODIFICATIONS TO GUIDELINES

Some of the above characteristics merit modifying the programs' guidelines as they will increase the potential applicant base of businesses in need. Staff recommends the following changes:

- All three programs:
    - Modify the language to permit eligibility for businesses that received a minimal amount of funding from SBA or FAME COVID-19 programs. The PDC could set a limit of $2,000 which is less than the minimum grant that could be received from any of the City's programs.
    - Change the date that the business had to be in existence to no later than March 9, 2020. Impact of the COVID-19 crisis didn't begin in Portland until mid to late March.

- Microenterprise Grant Program:
    - Make an exception for in-home day care businesses on the requirement to lease commercial space.

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 at the beginning of March, ~~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**.** Funding through this Program cannot be combined with any other ~~PDC~~City of Portland COVID-19 Financing~~Program~~.

This program is not intended to substitute for available COVID-19 federal and/or state commercial financing. If ~~if~~ a business ~~is~~ was able to access one or both and received more than $2,000 in assistance, it is not eligible to apply for City of Portland COVID-19 Financing. ~~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 at the beginning of March, ~~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~~ March 9, 2020
- Demonstrates that other available federal and state emergency loan programs are not available to assist the company.

Eligible 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.

Ineligible Use of Funds:
- 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 other than those that are noted as eligible.

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Employee Retention or Rehiring: $5,000 of loan is forgivable if at least 50% of full-time equivalent (FTE)* employees or jobs that were on the payroll at the beginning of March, ~~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 applicable Stay at Home or other COVID-19 emergency orders have been lifted with respect to the borrower's type of business, whichever comes first. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted.

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~~ at the beginning of ~~January 31,~~ March, 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;
- Commercial Lease noting monthly or annual rate, including CAM charges for NNN leases.
- 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 at ~~from~~ the beginning of March, ~~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 or when funds run out, whichever comes first.

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.

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 (2) full-time equivalent (FTE) 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~~ 0 to one (1) FTE employee ~~(~~which is 1 full-time at least 34 hours/week -or 2 part-time ~~employees~~ each at least 17 hours/week), ~~as well as~~ plus the business owner(s). In addition, the business owner ~~who~~ must be a low/moderate income individual. ** Funding through this Program cannot be combined with any other ~~PDC~~ City of Portland COVID-19 Financing~~Program~~.

This program is not intended to substitute for available COVID-19 federal and/or state commercial financing. If a business was able to access one or both and received more than $2,000 in assistance, it is not eligible to apply for City of Portland COVID-19 Financing.

Program Objective
The stabilization of Portland microenterprises that lease commercial space, whether the business is open or temporarily closed. The exception is for in-home day care businesses.

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:
- Business must lease commercial space, except for in-home day care businesses;
- If the business has employees, at least 51% must be low/moderate income;
- Business was in existence on March 9, 2020;
- Business can have no more than 1 FTE employee, ~~as well as~~ plus 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 at the beginning of March, ~~on January 31,~~ 2020;
- If business had employees, company profile of employee wages and benefits;
- Heath of business at the beginning of March, ~~on January 31,~~ 2020
- Personal credit score of at least 600

Required Submittals

- City of Portland Microenterprise Program Application;
- Commercial Lease noting monthly or annual rate, and CAM charges for NNN leases; 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 at the beginning of March ~~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 after applicable Stay at Home or other COVID-19 emergency orders have been lifted for the grantee's type of business, the payroll will be at the same capacity it was at the beginning of March ~~on January 31~~, 2020. If business is temporarily closed it will be operating within six months after applicable State at Home or other City COVID-19 emergency orders have been lifted for the grantee's type of business. 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 or when the funds run out, whichever comes first.

Definitions
*For the purposes of this Program, a microenterprise business is defined as a commercial enterprise that has 0 to 1 ~~no more than one~~ F~~f~~ull-T~~t~~ime Equivalent E~~e~~mployee (one full-time at least 34 hours per week~~)~~ or two part-time ~~employees (~~each at least 17 hours/week) ~~as well as~~ plus 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

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-Rehire) provides $5,000 in grant funding to small businesses for **rehiring** two or more full-time employees or jobs that were on the payroll ~~as of~~ at the beginning of March, ~~January 31,~~ 2020. The jobs, which must be filled by low/moderate income individuals,* could include previous employees or new employees. Funding through this Program cannot be combined with any other City of Portland ~~PDC~~ COVID-19 Financing~~Program~~.

This program is not intended to substitute for available COVID-19 federal and/or state commercial financing programs. If ~~if~~ a business was ~~is~~ able to access one or both and received more than $2,000 in assistance, it is not eligible to apply for City of Portland COVID-19 Financing. ~~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 once two (2) full time equivalent (FTE) jobs are back on the payroll. Half of the grant may be accessed once one (1) FTE is back on the payroll.

Program Requirements/Eligibility
- Create (rehire) at least two (2) full-time equivalent (FTE) jobs.~~-~~ Two part-time jobs can be substituted for ~~O~~ one FTE ~~= two Part-Time jobs~~. (See definitions below on required hours for full-time** and part-time***)
- Created (rehired) jobs 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~~ March 9, 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) jobs, 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 Creation (Rehiring), 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;
- Commercial Lease noting monthly or annual rate, including CAM charges for NNN leases.
- 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~~ at ~~January 31, 2020~~ the beginning of March, 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 beneficiary's total needed 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 applicable Stay at Home or other COVID-19 emergency orders have been lifted with respect to grantee's type of business, whichever is sooner. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted. Grant awardees will be required to provide quarterly payroll reports until two (2) FTE jobs are back on the payroll and then an annual report one year from rehiring date.

Sunset Provision
This program has a termination date of December 31, 2020 or when funds run out, whichever comes first.

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.