Minutes
Portland Development Corporation
April 18, 2019

A meeting of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, April 18, 2019, in Room 209 of Portland City Hall. Present from the Board was its President Tim Agnew and Board Directors James Dowd, Tom Dunne, Blaine Grimes, Jeffery Hicklin, Steve Lovejoy, and Mayor Ethan Strimling. Board Directors Jon Jennings, Laura Reading, Julie Viola, and Briana Volk could not be present. Present from the City staff were Associate Corporation Counsel Michael Goldman, Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell, and Senior Executive Assistant Lori Paulette. Also present was PDC Underwriter David McLaughlin.

Item #1: President's Comments

President Agnew noted that the Mayor had a hard stop at 5:00, and Ms. Grimes also had a hard stop at 5:15, at which time the quorum would be lost. Therefore, the Board will take up the loan request first and then determine other items that can be taken up.

Item #2: Review and accept Minutes of February 21, 2019 meeting.

President Agnew noted that he previously emailed Ms. Paulette with a few minor corrections.

On motion made by Mr. Dunne, seconded by Ms. Grimes, the Board voted 6-0-1 (Dowd abstained) to accept the Minutes as corrected by President Agnew.

Item #3: Review and vote on loan application from Rosemont Markets, Inc., 832 Stevens Avenue

Note: Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to discuss confidential information regarding these loan applications.

Mr. Goldman noted for the record that his father-in-law represents Rosemont Market on a number of matters, and that he (Goldman) has known John Naylor for a numbers of years. Mr. Goldman said that he did not feel there was a conflict of interest for him representing the PDC Board for this loan request; the Board concurred.

President Agnew noted that the Board would first hear a presentation on this loan, followed by questions/answers, and then would go into executive session to discuss confidential information, after which the Board would come out of executive session and then vote on the loan request.

Ms. Hanig introduced the loan request from Rosemont noting that the Market requested a $150,000 loan for working capital. Rosemont just leased a 10,000 sq. ft. facility at 832 Stevens Avenue, where it will consolidate its distribution/warehouse, kitchen and bakery into a commissary, allowing it to vacate three leased locations and improve efficiencies and profitability. Ms. Hanig also noted that the company employs 110, and pays 50% of full-time employee’s health insurance. She then introduced Rosemont Market co-owner John Naylor and its CFO Kevin Butterfield.

Mr. Naylor thanked the Board noting that when the Market started in 2005 there were approximately 6 to 8 employees. They have consistently made investments as the Market grew, almost every two to three years. The Commercial Street Market closed to move to Falmouth as costs were getting prohibitive at that location.

Mr. Naylor said that the main function of the Market is to support local farms and does not operate with the margins of the bigger grocery stores. Rosemont is getting technical capacity to control inventory and what is bought/sold, and payroll. He also noted that Managers get 100% of their health insurance paid, and they are looking into paid sick time.

Mr. Naylor then described the bakery space and warehouse space for farmers now and then how it will be consolidated, noting that it has been a year in the making.

Mr. Butterfield also noted that the Market has expanded on Shore Road in Cape Elizabeth. They are on a growth mode with Falmouth now twice the size of the Commercial Street store; the Shore Road location; and now this commissary.

Mr. Naylor said that the commissary should work well for the Market and hoped to open by the end of July.

Mr. Dunne asked about sourcing of products, i.e., percentage of local versus away, and contingency for cost overruns.

Mr. Naylor said that sourcing depends on the time of year. Produce from June to October is approximately 80% local (Maine products), 20% away; meat is 100% local; dairy is 50% local. The Market tries to stay in Maine as much as possible.

Mr. Butterfield said that they do have a contingency fund for backup and also noted that to date there have been no surprises with the contractors.

Mr. Dowd asked about additional jobs created. Mr. Naylor said that they are hiring two now and expected another two would be hired at a later date.

Ms. Grimes asked about the commissary and production that Mr. Naylor had mentioned regarding canning farmers' product. Mr. Naylor noted that there is a business in Brunswick that would do the canning and jarring, and he would do the rest to market the product.

Mayor Strimling asked if there would be a loss of jobs with the consolidation, and Mr. Naylor indicated that there would be no loss jobs. The average wage paid is $15/$16 per hour.

He also noted that more than half of their employees are full time, so Rosemont pays for 50% of their health insurance.

Mayor Strimling asked about the benefits in providing this loan, and Mr. Naylor noted the benefits to the local farmers/families, employees/families, and Rosemont's clients.

In response to Mr. Dowd, Mr. Naylor indicated their bank has lent the maximum they can with the collateral available.

There being no further questions, President Agnew thanked Mr. Naylor and indicated that the Board would now go into executive session.

On motion made by Mayor Strimling, seconded by Mr. Hicklin, the Board voted unanimously at 4:35 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119 to discuss confidential information. At approximately 5:00 p.m., the Board came out of executive session.

Mayor Strimling made a motion to approve the loan under the terms and conditions as recommended by staff/underwriter, with an additional condition of a three-year loan amortization schedule at 7.5% interest; junior mortgage on all business real estate; a pause on shareholder dividends until City approval; and personal guaranties of Mr. Naylor and his business partner Scott Anderson.

Mayor Strimling said the Board had a good discussion, and applauded Rosemont's commitment to Portland.

President Agnew then asked for a vote on the motion, and it passed unanimously.

(Mayor Strimling left the meeting at this time.)

Noting the time, President Agnew understood the Board's wishes to go back into executive session to review the loan delinquency report.

Item #7(e): Confidential Delinquency Report

On motion made by Mr. Dunne, seconded by Mr. Lovejoy, the Board voted unanimously at 5:10 p.m. to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119 to discuss the Confidential Delinquency Report. At approximately 5:15 p.m., the Board came out of executive session and the meeting then adjourned.

Respectfully, Lori Paulette