Minutes
Portland Development Corporation
May 16, 2019

A meeting of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, May 16, 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, Laura Reading, Mayor Ethan Strimling, and Julie Viola. Board Directors Jeffery Hicklin, Jon Jennings, Steve Lovejoy, and Briana Volk could not be present. Present from the City staff were Business Programs Manager Nelle Hanig, Economic Development Director Greg Mitchell (arriving as noted herein), and Senior Executive Assistant Lori Paulette. Also present was PDC Underwriter Vin DiCara.

Item #1: President's Comments

President Agnew waived the President's Comments.

Item #2: Review and accept Minutes of April 18, 2019 meeting.

On motion made by Ms. Grimes, seconded by Mr. Dowd, the Board voted 5-0-2 (Reading and Viola abstained) to accept the Minutes as published.

Item #3: Review and vote on loan application from Quinn's Bardega, LLC, d/b/a Mellen Street Market, 79 Mellen Street
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 this loan application.

Ms. Hanig highlighted this request noting that the application was for a $150,000 loan for equipment and fit-up for the Market. The owner, Tim Ly, purchased the building and business in November 2018 and is now modernizing it with no store closure during the process. Ms. Hanig noted that she contacted GPCOG to share in this loan, as the City staff and underwriter are recommending a $50,000 loan. She noted that Mr. Ly would move forward with continued modernization with funds received; and will make additional renovations when he has more funding.

Ms. Hanig noted that the Market serves the Parkside neighborhood and is the only grocery store in this low/moderate income area. She then introduced Mr. Ly.

Mr. Ly said that he has been in business for 20 years here, and noted his ownership interests in various businesses. Regarding Mellen Street Market, he said that it is in a large neighborhood that needs a community gathering place. The new/upgraded Market will purchase locally to provide fresh produce, dairy/eggs, ice cream, and meat, as well as offer Coffee/Hifi Donuts in the morning, lottery tickets, restaurant – everything home made, and bar seating - noting that he would provide craft beer, and make deliveries for free. Mr. Ly also noted he would make adjustments to his business model based on the neighborhood needs.

Mr. Dunne asked about key things he would do with the loan funds, and Mr. Ly indicated kitchen renovations and propane tank installation.

Mayor Strimling asked about exterior renovations, and Mr. Ly noted that they would be installing a large, garage size window and lighting would be improved. He then described updates already done. Mr. Ly also indicated that he has 6 full-time employees and 4 part-time employees at the Market with an average wage of $15/hour and offers paid time off. Regarding health insurance, he does not have it for the Market employees but will strive to obtain it. It is important to him to have his employees happy and stay with the business.

(Greg Mitchell joined the meeting at this time.)

Seeing no further questions/comments, President Agnew said that the Board would now go into executive session to discuss confidential information, after which it would come back in public session and vote on this request.

On motion then made by Mayor Strimling, seconded by Ms. Grimes, the Board then voted unanimously at 4:32 to go into executive session pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to discuss confidential information regarding this loan application. At approximately 4:55 p.m., the Board came out of executive session.

Mayor Strimling then made a motion to approve the loan as recommended, with a condition to purchase priority items for renovations/rehab as provided by Ms. Hanig. Ms. Viola seconded the motion and it then passed unanimously.

Item #4: Discussion regarding future of the PEDPIP Program.

President Agnew asked for clarification of the 10% of unrestricted funds that have been used in the past to fund the program. Ms. Hanig noted that it was Fund 271 and 274, which, based on the current Cash Management Report for month ended 4/30/2019, has approximately $464,000 available to lend; 10% of that would be $46,000.

Ms. Grimes questioned why stopping the program, and Ms. Hanig said that it started in 2011 to help move forward Economic Development Vision and Plan objectives. Nine years later, over $400,000 has been granted; which funds could have been used for commercial loans. At this time, staff feels that the Program has done what it was intended to, and, with the current general guidelines, you can make almost any project grant application consistent with the Plan.

Mr. Mitchell added that it is now a different economic time, coming out of recession when an incentive was needed to move Plan objectives further. Termination of the Program would need City Council approval.

There was discussion to: end or pause the program; staff time and board time for the program; value for small amounts of money; requests are different and challenging; unrestricted grant funds are hard to come by for these businesses; unrestricted Funds for loans are not replenishable and if three $150,000 loans were made, the funds would be gone; tighter guidelines with focus perhaps on workforce, job creation, job training.

Mr. Mitchell noted that City Tax Increment Financing (TIF) dollars are being used in a pilot initiative for FY20 for a workforce training program to be administered by the City's Office of Economic Opportunity for $150,000 targeted for training for Portland employer needs. Also, a pilot initiative with TIF funds was approved by the City Council through the FY2020 City budget process to provide Portland Adult Education with $100,000 to augment its workforce training programs.

Ms. Hanig also noted the Business Assistance Program for Job Creation also helps with job creation.

Mr. Mitchell said that staff will revisit the Guidelines, with President Agnew noting to look at sustainability, cash flow, and possibly establishing narrow and clear Guidelines, and perhaps reducing the maximum grant to $5,000 or $10,000. Mr. Mitchell added that the Program can be put on hold until resolved, and Mayor Strimling noted that the City Council would need to approve that hold, perhaps for one year.

Item #5: Discussion regarding loan risks.

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 PDC loans' confidential information.

President Agnew asked for a show of hands as to whether the PDC should take more risk, and it appeared to be 50/50.

Discussion noted that loans brought to the Board are rarely turned down, but that those loans have been vetted by staff and the loan underwriter. It was also noted that perhaps many do not know of the PDC, as well as the Board looking more closely at character, less collateral but looking at growth projections, and public benefit.

Mr. DiCara said that in his experience, the loans brought to the PDC are riskier loans.

A loan program for asylum seekers was discussed, with perhaps a peer group being formed – noting a model could be looked into, if out there, for $5,000, $10,000, $15,000 loans. It was suggested creating a Pilot program and carve out $25,000 and see how it rolls out. Mr. Dowd said that no collateral would be ok, but cash flow would be needed, and Mr. Viola added that personal guaranties should be required.

Mr. Mitchell said that staff would research this option and report back to the Board.

There being no further business, the meeting was then adjourned at approximately 6:10 p.m.

Respectfully, Lori Paulette