Minutes
Portland Development Corporation
June 27, 2019

A meeting of the Portland Development Corporation (PDC) Board of Directors was held at 4:00 p.m. on Thursday, June 27, 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, Laura Reading, and Briana Volk. Board Directors Jon Jennings, Steve Lovejoy, Mayor Strimling, and Julie Viola could not be present. Present from the City staff were 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 Board would continue its discussion on the future of the PEDPIP Program and risk assessment at a future meeting. Also, he noted that Monte's Fine Food at the corner of Ocean Avenue and Washington Avenue is having a grand opening on July 11 at 9:00 a.m.

Mr. Dowd also noted that the Mellen Street Market is looking better, and Ms. Hanig indicated that this loan has not yet closed, as Corporation Counsel's office is backed-up with work.

Item #2: Review and accept Minutes of May 16, 2019 meeting.

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

Item #3: Review and vote on loan application from Zootility Co., 170 Anderson

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 there was an updated memo that FAME had declined to partner in this loan request but that she and the loan underwriter are still recommending approval of a $150,000 loan. Zootility is a designer and manufacturer of laser cut products. This loan would assist with working capital and refinancing short-term debt. She then introduced Nathan Barr, the founder and 100% stockholder.

Mr. Barr thanked the Board and then described the history of the company and the direction it is now heading in. He noted that Zootility has 33 unique products done with modern manufacturing, adding that new equipment was recently purchased. It has a diverse market with over 300 stores across the country ordering its products. Pocket Monkey is still being manufactured, with the new products now selling well. Employment did go down with the reorganization from 26 to 14, and a new software system was installed. He then displayed some of the products manufactured at Zootility.

Ms. Grimes asked about the software and equipment investment, and Mr. Barr said that the new software works well with Amazon and inventory. The laser equipment investment, currently at 9 lasers, provides for efficiency with employees knowing their steps in the manufacturing process.

President Agnew asked about the dip in business, and Mr. Barr said that Pocket Monkey started to go down in sales, and it was time to make equipment investments to manufacture new products. He also noted that he installed air-conditioning for employees for $60,000 with no bank financing.

Mr. Dunne asked what was learned in the process, if he had advisors, and employee pay levels. Mr. Barr indicated that space optimization was needed, software needed updating, and less cold calling. He indicated he had had an advisor the whole time, including a good accountant and outside experts. Mr. Barr then noted that new line workers are $14/hour, 5 to 8 paid holidays, and paid time off is offered.

Mr. Dowd posed questions on projections, and Mr. Barr elaborated on his business plan, current revenues, and projections.

Noting that FAME decided not to participate in this loan, Mr. Dunne questioned if $150,000 would be enough, and Mr. Barr indicated that it would.

On motion made and seconded, the Board then voted unanimously to go into executive session at 4:55 p.m. 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 5:30 p.m., the Board came out of executive session.

A motion was then made and seconded to approve this loan as recommended by staff and underwriter, with an additional condition for a salary cap and no dividends without PDC approval for the life of the loan. This motion then passed 5-2 (Dowd and Volk).

Item # 4(e): Confidential Delinquency Report

On motion made and seconded, the Board then voted unanimously to go into executive session at 5:32 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A to discuss and monitor any of the loans listed in the report. At approximately 5:38 p.m., the Board came out of executive session and the meeting then adjourned.

Respectfully, Nelle Hanig and Lori Paulette