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