

Order 70A-15/16

Passage: 8-0 (Mavodones absent) on 10/5/2015

MICHAEL F. BRENNAN (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
JUSTIN COSTA (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

Effective 10/15/2015

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
JON HINCK (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER ACCEPTING PORTLAND DEVELOPMENT CORPORATION
FISCAL YEAR 2015 ACTIVITY AND FINANCIAL REPORTS**

ORDERED, that the Portland City Council, acting in its capacity as sole Corporator of the Portland Development Corporation, hereby accepts and adopts the 2015 Portland Development Corporation Activity and Financial Reports, attached hereto.



Portland Development Corporation

Board of Directors

Fiscal Year End 2015 Annual Report

The Economic Development Department provides the primary staff support to the Portland Development Corporation (PDC) with legal assistance from Corporation Counsel. The Economic Development Department is responsible for marketing and administration of the PDC's Commercial Loan and Grant Programs and marketing City-owned real estate to attract private sector investment.

The PDC Board of Directors met nine times over the course of the fiscal year, not including its Annual Awards Reception held on November 20, 2014 – detailed further below. It is noted that the PDC invested over \$850,000 in FY15 to 25 businesses and economic development projects, which leveraged over \$3.7 Million in private sector funds associated with creating 53 jobs and retaining 55 jobs.

FY14 and FY15 Loan and Grant Activity Totals:

	FY14	FY15
No. of Loans Made	7	8
Total Amt. of Funds Lent	\$814,289	\$607,033
Total Private Investment Leveraged	\$48,505,172	\$3,467,095
Jobs Created	65	40
Jobs Retained	13	55
No. Dev. Action Grants	3	1
Total Amt. of Grants	\$75,000	\$10,650
No. Business Assistance Grants for Job Creation	5	8
Total Amt. of Grants	52,200	\$140,000
Jobs Created	6	13
No. Portland Econ. Dev. Plan Implementation Grants	3	8
Total Amt. of Grants	\$43,309	\$98,820
PDC Total Investment	\$984,798	\$856,503

PDC Fiscal Year 2015 Loan and Grant Detailed Activity

FY15 Loans Closed

FY15 was a year in which the PDC loan portfolio grew with eight loans closed for a total of \$607,033. The PDC's loans invested in eight Portland businesses, thereby retaining 55 jobs and associated with 40 new jobs. In addition, these loans leveraged over \$3.4 Million in private commercial investment. Types of businesses provided loan assistance included education/daycare, restaurants, seafood supplier for the restaurant industry, bakery, window film treatments installation, spa, and a brownfield loan for environmental remediation.

During the past six years, FY10 through FY15, the PDC has extended 41 loans for a total of over \$3 Million, while leveraging \$59.3 Million in private investment and creating and retaining over 432 jobs.

PDC Loan Portfolio

For the first time in PDC history, its outstanding loan portfolio exceeds the \$2 Million mark. At the end of FY15, the PDC has 32 loans outstanding. This loan portfolio includes \$2.5 Million in PDC loan funds which leverages \$61.7 Million in private investment in Portland, for a private to public fund leverage of \$24 of private funds to each dollar of public funds. These loans also retained 171 jobs and created 228 jobs, and include a diverse mix of PDC investments in businesses noted above, as well as food manufacturers, biofuel, fitness, retail, and service.

As a result of a successful grant application, beginning in 2012 funds from the U.S. Treasury's State Small Business Credit Initiative (SSBCI) became available to the City as a lending source. Through FY2015, the PDC has utilized \$730,000 in SSBCI funds for loans to Portland businesses. When the SSBCI Program expires in early 2017, all of those funds, once paid off by the borrowers, will become the City's, expanding the PDC loan pool by what will likely be over \$1 million.

PDC Lending History

Since its inception, the PDC has made 144 loans to diverse businesses including manufacturing (e.g., breweries and biosciences), restaurants, retail, and service, among others. The following table provides an overall view of the activities:

Total Amounts of Funds Lent:	\$8,843,035
Leveraged Amount of Private Financing:	\$104,959,701
Jobs Retained:	1,240
Jobs Created:	752
14 Loans Defaulted*	\$477,534

*Default amount of \$477,534 is 5.4% of total amount of funds lent.

Portland Economic Development Plan Implementation Program (PEDPIP) Grant Fund

The PEDPIP Grant Fund was created during FY12 to provide grant funds to invest in economic development projects and programs that carry out Portland's Economic Development Vision and Plan ("Plan"). Grants must be matched by an equal or greater dollar amount from funding sources other than the PDC.

The PEDPIP grants fund planning studies and other "soft" costs associated with economic development projects and programs that advance the initiatives spelled out in the Plan. PEDPIP does not invest in "hard" costs for public infrastructure or private development projects. Its focus is on expenditures for economic development projects and programs.

The PEDPIP program was capitalized by PDC funds in the amount of \$250,000 in FY12. The maximum grant amount was originally \$75,000. During FY2015, the PDC Board recommended to the City Council, and the City Council approved, amending the maximum grant amount to \$15,000, and establishing a yearly cap at the beginning of each fiscal year at 10% of available/uncommitted, unrestricted funds beginning with FY16.

Since its inception through FY15, the PDC Board approved grants in the total amount of \$329,713, as follows:

Portland Community Chamber for Growing Portland Initiative
Creative Portland for the following projects:

- Branding Portland
- LiveWork Website Update
- Creative Economy Metrics
- Artspace Survey
- Creative Map and Guide
- Creative Space (inventory, web-based clearing house, resource guides)
- UNESCO Creative Cities Application
- Work in Place Summit

Portland Performing Arts Festival
Portland Community Chamber for Scorecard Updates (2014; 2015)
City of Portland staff to participate in the Maine International Trade Center
Mission to Iceland and UK
Portland Community Chamber for Startup and Create Week (2014; 2015)
World Affairs Council for its Celebrate Immigration Initiative
City of Portland/Portland Community Chamber – Industry Sector Research
Conducted by the Maine Center for Business and Economic Research
City of Portland – Greater Portland Economic Development Corporation
(GPEDC) - Maine International Trade Center/Invest in Maine Program

Business Assistance Grant Program for Job Creation

The Business Assistance Program for Job Creation offers grants to new and expanding Portland businesses for projects that result in the creation of permanent net new jobs for low/moderate income Portland residents. A private match is required in an amount that is at least equal to the grant requested. The maximum grant amount request per recipient is \$20,000. For every \$10,000 of grant funds, one full-time permanent job must be created.

This program was originally capitalized with \$100,000 from Community Development Block Grant (CDBG) funds and launched in May 2012. It was re-capitalized by the CDBG program in FY14 and FY16 with an additional \$100,000 each of those years.

During FY15, eight grants were approved for a total amount of \$140,000. Grants approved since the Program's inception through FY15 total \$192,200 to thirteen recipients, resulting in the creation of 19 full-time jobs within one year of receiving the grant award, with more to come.

PDC Annual Awards Program

At the 19th Annual Awards Reception on November 20, 2014, the PDC provided awards for Small Business of the Year, Business of the Year, and an Economic Achievement Award – as follows:

- The *Small Business of the Year* award was given to **Rising Tide Brewing Company**

Rising Tide Brewing Company is a family-owned craft brewery that was founded in 2010 with a tiny one-barrel brewing system in a small garage off Riverside Street. In 2012, the company relocated to Portland's East Bayside neighborhood where they completed a dramatic expansion with the installation of a custom-built fifteen barrel brewhouse. Since then, Rising Tide more than tripled its production capacity with the addition of five locally fabricated fermenters and grown to a staff of 15, with expectations of 18 employees by the end of 2015. Yet again, the company is in the midst of yet another major expansion, with new packaging machinery, more new fermentation tanks and a much larger tasting room to be built this Fall.

Owned by Portland natives Nathan and Heather Sanborn, Rising Tide specializes in artisanal, hand-crafted ales brewed in small batches. Nathan is the brewer, fascinated by the science and art of beer-making. Prior to launching the company, he spent more than a dozen years teaching himself about brewing, experimenting

with creative recipes on his home-brewing system, and serving up his beer for feedback from friends and family.

Rising Tide's beers are available in bottles and on draft in their tasting room at 103 Fox Street and at select locations in Maine, Massachusetts, New Hampshire, and Vermont. The tasting room has become a community hub, attracting locals as well as tourists. The brewery regularly partners with other local artisans, including cheese, soap, chocolate, and jam makers, as well as several local non-profits such as the Maine Island Trail Association and the Good Shepherd Food Bank.

- The ***Business of the Year*** award was given to ***Apothecary By Design***.

Apothecary by Design was established in 2008. ABD was a pioneer to locate in the Intermed building in November 2008. This pharmacy includes five distinct components – retail, compounding (the use of pure, active ingredients to create an individualized medication for a patient), and specialty pharmacies, as well as nutraceuticals/supplements, and a coffee shop. In 2012, ABD needed additional space to accommodate its growth, and, therefore, expanded into 141 Preble Street – moving its specialty pharmacy unit, sterile compounding, and administration to the new space. This move created an additional six jobs at the time.

ABD is dedicated to individualized patient care with cutting-edge pharmacology. “Our pharmacy care approach goes well beyond simply filling prescriptions and handing them to customers,” said Tom Madden, R.Ph., ABD principal and 25-year veteran of the pharmacy industry. “We are committed to delivering not only expert pharmacy services, but also one-on-one nutritional guidance, nutraceutical, and supplement advice, and wellness programs that can improve the patient’s overall health and quality of life.” ABD provides intensive case management services to patients suffering from complex medical conditions such as HIV/AIDS, Hepatitis C, MS, and Infertility. Since opening in November 2008, it has served more than 45,000 patients, growing from 12 employees to more than 75.

- The ***Economic Development Achievement*** award was given to ***J. B. Brown & Sons***

J.B. Brown & Sons was founded in 1828 by the legendary entrepreneur John Bundy Brown. This 19th century entrepreneur had interests in manufacturing, food retailing, hotels, substantial land holdings and properties in all sectors of the Portland real estate market, eventually developing much of Congress Street, the Waterfront, and the West End. During the past 30 years, J.B. Brown has gradually converted its original holdings to different uses to support the changing dynamic of Portland.

Today, J.B. Brown & Sons remains one of the largest property owners in Portland, as it has for the past 125 years. Its properties in Portland include a mix

of office, industrial, and hospitality, along with developable land. The Company's most recent Portland investment includes the 131-room Courtyard by Marriott with 14 penthouse condominiums and 7,000 square foot Tiqa restaurant at 321 Commercial Street — all together a \$22.5 Million investment.

Mr. Brown's successors form an unbroken chain that has developed and managed commercial and industrial properties according to his principles for 174 years. J.B. Brown began as a family-owned company and remains privately held, with a large percentage of its ownership retained by descendants of its founder, now reaching the 6th generation. The company today is characterized by its stable ownership, its conservative long-term outlook, and its commitment to quality urban development principles.

Summary

The PDC looks forward to continuing to assist with attracting investment in Portland area businesses. With grant programs, its loan portfolio growing, and loan funds available to invest, the PDC would like to thank the City Council for its continued support.

PDC Board of Directors: Mayor Michael Brennan
Barry Sheff, President
Drew Swenson, Treasurer
Jere Shaw, Secretary
Tim Agnew
Shelley Carvel
Neil Kiely
Jess Knox
Dennis Martin
Mark Rees, City Manager/Sheila Hill-Christian, Acting
City Manager
Heather Sanborn

PDC Staff: Greg Mitchell, Economic Development Director
Nelle Hanig, Business Programs Manager
Lori Paulette, Senior Executive Assistant
Michael Goldman, Associate Corporation Counsel

PORTLAND DEVELOPMENT CORPORATION
Balance Sheet
June 30, 2015

(Preliminary and Subject to Audit)

ASSETS

Assets

Cash		1,756,022
Loans receivable	2,166,819	
Allowance for uncollectable loans	(325,022)	1,841,797

Total Assets

\$ 3,597,819
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LIABILITIES

Liabilities

Accounts payable		36,627
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Total Liabilities

\$ 36,627

Fund Equity

Reserved: for Loans Rec.		1,841,797
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Reserved:		
for Economic Development Fund	270	103,261
for Unrestricted UDAG	271	702,330
for Restricted CIP	272	128,030
for Unrestricted CIP	274	84,478
for FAME	277	143,918
for EPA Revolving Loan Fund	278	309,595
for FAME SSBCI	279	247,783

Total Fund Equity

\$ 3,561,192

Total Liabilities and Fund Equity

\$ 3,597,819
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Downtown Portland Corporation
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended
June 30, 2015

(Preliminary and Subject to Audit)

Revenues/Financing Sources

Interest payments on loans	89,073
Interest Income	5,734
Application Fees	5,070
Total Revenues	99,877

Expenditures

Admin. expense - FAME	9,660
Contributions	75,077
Consulting	4,055
Transfers out	24,377
Bad Debt Expense	47,853
Remaining Nova Star	33,128
Total Expenditures	194,150
Excess (deficiency) of revenues over expenditures	(94,273)
Fund Balance, June 30, 2014, restated	3,655,465
Fund Balance, June 30, 2015	3,561,192
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**Portland Development Corporation
Operating Fund**

Budget vs Actual
For Year Ended
June 30, 2015
(Preliminary and Subject to Audit)

	FY15			FY14		
	Budget	Actual	%	Budget	Actual	%
Portland Development Corporation	-----	-----	---	-----	-----	---
Revenues:						
Transfers in from Ec. Dev. Fund	28,522	24,377		28,522	24,899	
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Total Revenues	28,522	24,377		28,522	24,899	
Expenditures						
Admin Services	575	301	52%	575	237	41%
Contractual Services	20,147	17,592	87%	19,897	18,498	93%
Postage/Supplies	300	52	17%	300	37	12%
Travel, Training	3,900	3,494	90%	3,000	2,547	85%
Advertising	2,000	1,479	74%	2,000	1,831	92%
Printing & Binding	650	643	99%	650	473	73%
Office Supplies	850	816	96%	850	385	45%
Auto Expense	100	0	0%	100	0	0%
Minor Equipment	0	0	0%	1,150	890	77%
Total Expenditures	28,522	24,377	85%	28,522	24,899	87%