



Portland Development Corporation

Board of Directors

Fiscal Year 2014 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 December 4, 2013 – detailed further below. It is noted that the PDC achieved a milestone of investing over \$1 Million, in a single fiscal year, in nineteen (19) businesses and economic development projects, which leveraged \$56 Million in private sector funds associated with creating 84 jobs and retaining 13 jobs.

FY13 and FY14 Loan and Grant Activity Totals:

	FY13	FY14
No. of Loans Made	9	7
Total Amt. of Funds Lent	\$718,500	\$814,289
Total Private Investment Leveraged	\$4,543,500	\$48,505,172
Jobs Created	11	65
Jobs Retained	84	13
No. Dev. Action Grants	1	3
Total Amt. of Grants	\$11,500	\$75,000
No. Business Assistance Grants for Job Creation	2	5
Total Amt. of Grants	\$20,000	\$75,000
Jobs to be Created	5	19
No. Portland Econ. Dev. Plan Implementation Grants	1	4
Total Amt. of Grants	\$40,000	\$43,309
PDC Total Investment	\$790,000	\$1,007,598

PDC Fiscal Year 2014 Loan and Grant Detailed Activity

FY14 Loans Closed

FY14 was a year in which the PDC loan portfolio grew with seven loans closed for a total of \$814,289 – a 12% increase from FY13 at \$718,500. The PDC’s loans invested in seven Portland businesses, thereby retaining 13 jobs and associated 64 new jobs. In addition, these loans leveraged over \$48 Million in private commercial investment.

During the past five years, FY10 through FY14, the PDC has extended 33 loans for a total of over \$2.4 Million, while leveraging \$56 Million in private investment and creating and retaining over 337 jobs.

FY15 is already appearing to be an active year for the loan portfolio, with three loans closed in the total amount of \$338,333, leveraging over \$2.2 Million in private investment, and creating and retaining 38 jobs.

PDC Loan Portfolio

At the end of FY14, the PDC has 28 loans outstanding. This loan portfolio includes \$1.9 Million in PDC funds which leverages \$24.9 Million in private investment in Portland for a private to public fund leverage of \$13 of private funds to each dollar of public funds. These loans also retained 88 jobs and created 184 jobs.

PDC Lending History

Since its inception, the PDC has made 141 loans to diverse businesses including manufacturing, restaurants, service, eye care, among others. The following table provides an overall view of the activities:

Total Amounts of Funds Lent:	\$8,408,924
Leveraged Amount of Private Financing:	\$103,716,323
Jobs Retained:	1,218
Jobs Created:	717
14 Loans Defaulted*	\$477,534

*Default amount of \$477,534 is 5.6% 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 carryout 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. The maximum grant amount is \$75,000. With this maximum grant amount, the PDC Board did realize that this program could be expended in a relatively short period of time. Since its inception through FY14, the PDC Board approved grants in the total amount of \$230,894, 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)

Portland Performing Arts Festival
Portland Community Chamber for Scorecard Update
City of Portland for Maine International Trade Center Mission to Iceland and UK
Portland Community Chamber for Startup and Create Week
World Affairs Council for its Celebration Immigration Initiative

Business Assistance Grant Program for Job Creation

During FY12, the Business Assistance Program for Job Creation was created to offer grants to new and expanding Portland businesses for projects that result in the creation of permanent net new jobs. A private match is required in an amount that is at least equal to the grant requested.

This program was originally capitalized with \$100,000 from Community Development Block Grant (CDBG) funds and launched in May 2012. The program was further recapitalized by the CDBG program during FY14 with an additional \$100,000. 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.

During FY14, five grants were approved in a total amount of \$75,000. Grants approved since its inception through FY14 total \$125,000 to eight recipients, resulting in the creation of 29 full-time jobs within one year of receiving the grant award.

PDC Annual Awards Program

At the 18th Annual Awards Reception on December 4, 2013, 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 the **Public Market House**

Market Vendors, LLC was created by three original vendors of the now-defunct Portland Public Market. After the Portland Public Market closed its doors in 2006, Market Vendors, LLC, conducted a search of the Portland Peninsula for a suitable location in which to carry on the tradition of providing a public market in downtown Portland. In the summer of 2006, Market Vendors moved into 28 Monument Square, now occupying the basement to the second floor. Monument Square is also site of the weekly in-town farmers market, making the location ideal both in its central location and proximity to the farmers.

The street level houses the three original vendors, K. Horton Specialty Foods, Maine Beer & Beverage Co. and Big Sky Bread Co.; on the second floor are a number of small businesses. The basement level houses the Community Kitchen. The Market House also leases a portion of Monument Square from the City of Portland, where it provides day tables for small business owners to sell their Maine grown, produced, or value-added products.

The mission of the Market House carries on the vision of an in-town public market in Portland by providing a community gathering place that celebrates Maine people, food and agricultural traditions, while joining the ongoing efforts to revitalize Portland's downtown, incubating small businesses and involving the international community.

- The ***Business of the Year*** award was given to ***Putney, Inc.***

Putney was founded by Jean Hoffman in 2006 and now employs approximately 75 people, with expectations to grow to 130 in two years. Ms. Hoffman's vision was to become the leading provider of high quality, bioequivalent and specialty drugs supporting the U.S. veterinary community. Putney is committed to quality pharmaceuticals, investing in programs that support the practice of high-quality veterinary medicine, while offering cost-effective medicines for pet owners.

Putney's generic drugs support veterinarians' use of standard-of-care drugs to treat pets. Generics enable more pet owners to comply with the full, veterinarian-prescribed treatment, especially for chronic and frequently used drugs. Putney was recently named by *Inc. Magazine* as one of the fastest growing private companies in America in recognition of its 183% revenue gain between 2009 and 2012, being the second time that Putney has been named to the *Inc. 5000* list. Putney also placed #290 on *Deloitte's 2013 Technology Fast 500*, a ranking of the

500 fastest growing technology, life sciences, telecommunications, and media companies in North America.

Human generic medicines saved the U.S. healthcare system over \$1 trillion in 10 years (2002-2011). This process is only just beginning in veterinary medicine. Putney strives to increase the number of pet generics available and provide savings to veterinarians and pet owners. In fact, most recently, Putney's efforts have resulted in two first-to-market FDA approved veterinary generics in 2013, with 20+ products in various states of development and review.

- The *Economic Development Achievement* award was given to *Charlie Poole, President/Proprietors of Union Wharf, Custom Float Services, Inc.*

Charlie Poole, whose family has owned Union Wharf since the 1800s, and is also owner of Custom Float Services on the Wharf with approximately 15 employees, has been a long-time advocate/supporter/community leader for Portland's waterfront. His determination to remain on the waterfront and lease his property for both marine and non-marine uses is a testament to his longevity at the Wharf. In addition, Custom Float Services, building floats for big marina installations, including Chandler's Wharf, DiMillo's, Town of Rockport, and a system for a "notable Kennebunkport resident" - to small jobs and repairs, is a niche market for Poole and Portland, with annual revenue in excess of \$3 Million.

Charlie Poole has not only been a longstanding waterfront advocate, including active in the waterfront rezoning effort (two years in the making), but also has been an active Portland community member, including a member of the Portland Economic Development Plan Task Force, Portland Business Advisory Council, Portland Harbor Waterfront Alliance, leading efforts for Portland Harbor dredging, and, most recently, a member of the interview team for filling a new City staff Waterfront Coordinator position.

It was a sincere pleasure to recognize Charlie Poole's contribution to Portland for the reasons stated, and to recognize one of Portland's unique waterfront/marine assets.

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
Jack Lufkin, President
Jennifer Sporzynski, Treasurer
Barry Sheff, Secretary

Jill Hunter
Neil Kiely
Jess Knox
Dennis Martin
Mark Rees, City Manager
Jere Shaw
Drew Swenson

PDC Staff:

Greg Mitchell, Economic Development Director
Nelle Hanig, Business Programs Manager
Lori Paulette, Senior Executive Assistant
Lawrence Walden, Associate Corporation Counsel

**Portland Development Corporation
Operating Fund**

Budget vs Actual
For Year Ended
June 30, 2014
(Preliminary and Subject to Audit)

	FY14			FY13		
	Budget	Actual	%	Budget	Actual	%
Portland Development Corporation	-----	-----	---	-----	-----	---
Revenues:						
Transfers in from Ec. Dev. Fund	28,522	24,899		28,522	22,300	
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Total Revenues	28,522	24,899		28,522	22,300	
Expenditures						
Admin Services	575	237	41%	575	197	34%
Contractual Services	19,897	18,498	93%	21,047	17,007	81%
Postage/Supplies	300	37	12%	300	98	33%
Travel, Training	3,000	2,547	85%	3,000	2,362	79%
Advertising	2,000	1,831	92%	2,200	1,398	64%
Printing & Binding	650	473	73%	650	608	94%
Office Supplies	850	385	45%	650	616	95%
Auto Expense	100	0	0%	100	14	14%
Minor Equipment	1,150	890	77%			
Total Expenditures	28,522	24,899	87%	28,522	22,300	78%

Downtown Portland Corporation
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended
June 30, 2014

(Preliminary and Subject to Audit)

Revenues/Financing Sources

Interest payments on loans	74,286
Interest Income	7,789
Application Fees	4,822
Grants	132,954
Misc	

Total Revenues	219,851

Expenditures

Admin. expense - FAME	3,188
Contributions	106,620
Transfers out	117,909
Bad Debt Expense	51,376

Total Expenditures	279,093

Excess (deficiency) of revenues over expenditures	(59,242)
Fund Balance, June 30, 2013	3,714,707

Fund Balance, June 30, 2014	3,655,465
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PORTLAND DEVELOPMENT CORPORATION
Balance Sheet
June 30, 2014

(Preliminary and Subject to Audit)

ASSETS

Assets

Cash		2,216,008
Loans receivable	1,746,525	
Allowance for uncollectable loans	(261,976)	1,484,549

Total Assets		\$ 3,700,558 =====

LIABILITIES

Liabilities

Accounts payable		45,093
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Total Liabilities		\$ 45,093

Fund Equity

Reserved: for Loans Rec.		1,484,550
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Reserved:		
for Economic Development Fund	270	106,639
for Unrestricted UDAG	271	769,291
for Restricted CIP	272	91,442
for Unrestricted CIP	274	255,079
for FAME	277	289,555
for EPA Revolving Loan Fund	278	502,220
for FAME SSBCI	279	156,690

Total Fund Equity		\$ 3,655,465

Total Liabilities and Fund Equity		\$ 3,700,558 =====