

## Business Quarterly Update

February 2010

### FAME News

#### Is it Spring Yet?

It is still pretty cold outside; however, based on the Business Division activity this quarter, many businesses are looking towards Springtime and putting their ducks in a row for the upcoming Summer season. FAME is ready and willing to help businesses that may not be able to obtain conventional financing. Our Commercial Loan Insurance Programs as well as Direct Loan Programs may mean the difference for a successful upcoming year.

#### Did you know that FAME is on Facebook?

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### Ask FAME

Q: I am a lender with a customer experiencing some cash flow issues. Is it possible to get FAME loan insurance on a restructure/refinance of the outstanding bank debt with this customer in order to relieve cash flow and help them weather this down economic time?

A: Yes, there is help for lenders who are working with their customers and need loan insurance to strengthen the proposal. FAME has expanded its commercial loan insurance program to include a 40% loan insurance on loans currently held by lenders that are in need of restructure in order to meet their customer needs. For more details on this option, please refer to our web site [www.famemaine.com](http://www.famemaine.com) and look under Commercial Loan Insurance, or call FAME at (207) 623-3263 and ask to speak with a loan officer.

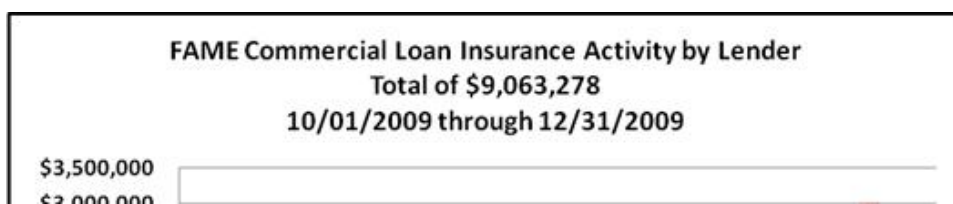
### Upcoming Events

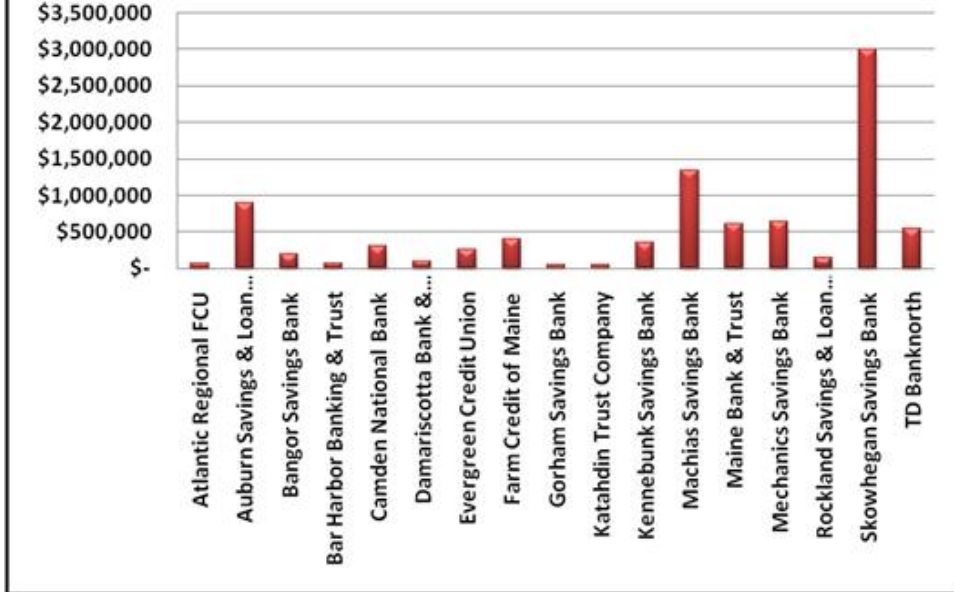
- ◆ FAME is a proud sponsor of “**Mainebiz Sunday**” aired every **Sunday at 10:00 a.m.** on WCSH 6 and WLBZ 2.
- ◆ FAME is a proud sponsor of **The Maine International Trade Day on June 3, 2010** at the Samoset Resort.
- ◆ Come visit our booth at **The Androscoggin Business to Business Trade Show on June 10, 2010** at the Androscoggin Bank Coliseum.

## FAME Business Activity and Portfolios

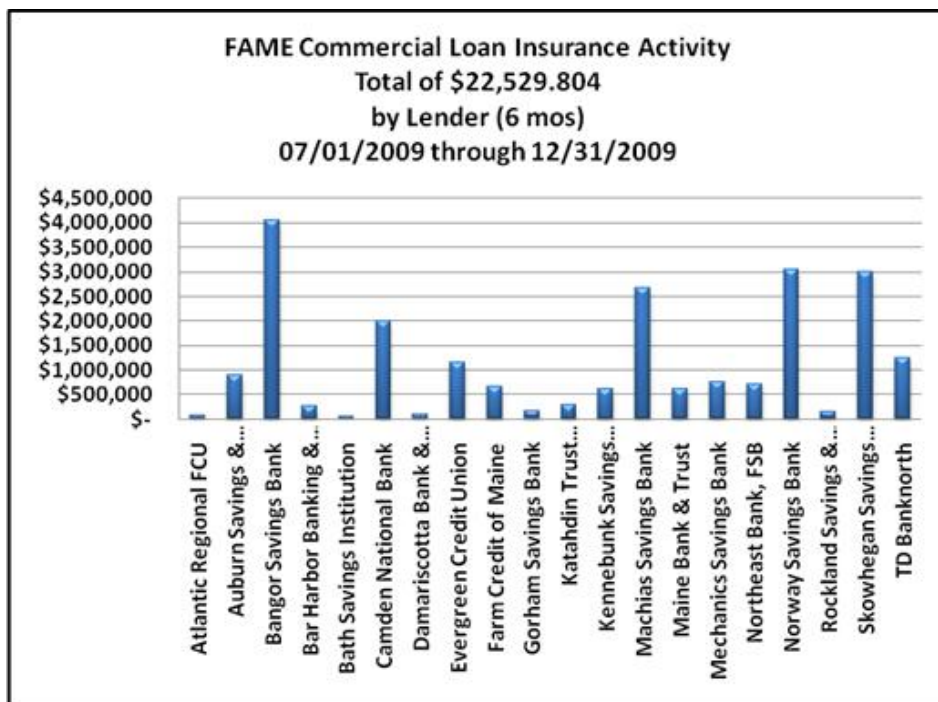
### FAME Commercial Loan Insurance Activity:

#### 1) The past quarter:





2) The past six months:



**FAME Commercial Loan Insurance Portfolio (12/31/2009)**

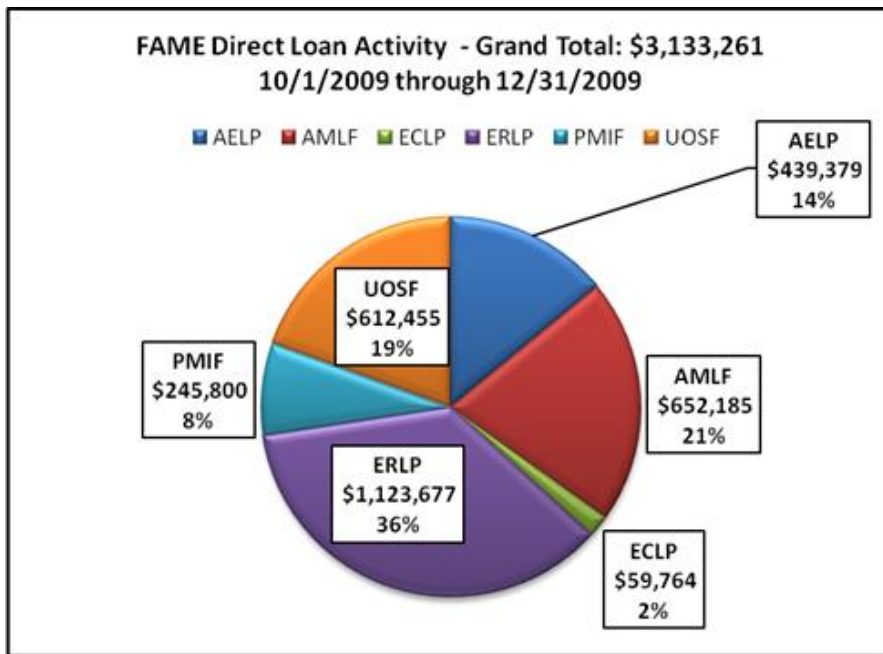
- ◆ Number of Loans Insured: 548
- ◆ Total Loan Dollars Outstanding on Insured: \$61,193,950

**FAME Direct Loan Activity (the following programs)**

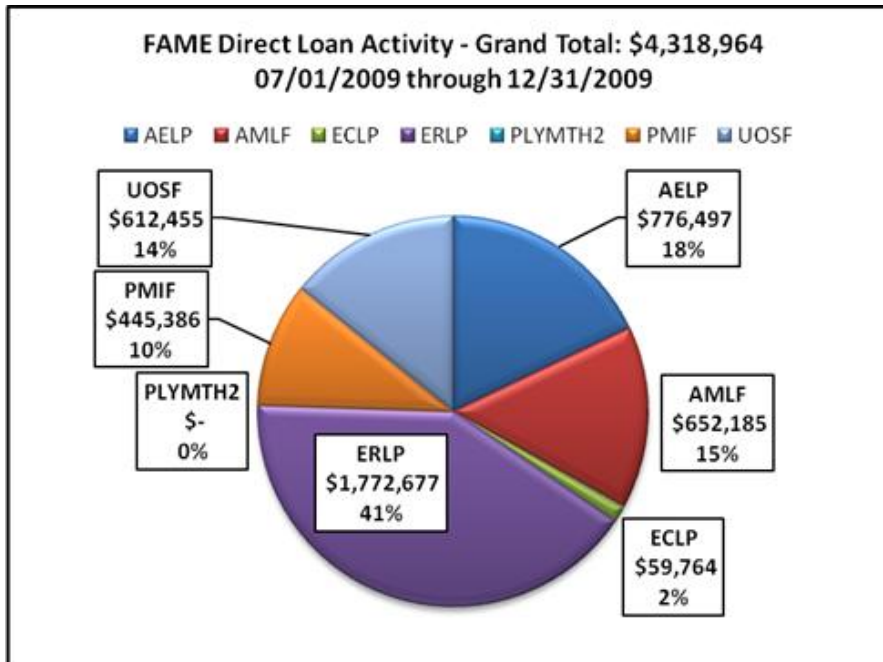
- AELP** Adaptive Equipment Loan Program
- AMLF** Agricultural Marketing Loan Fund Program
- ECLP** Energy Conservation Loan Program
- ERLP** Economic Recovery Loan Program
- PLYMTH2** Plymouth Loans for Waste Oil
- PMIF** Potato Market Improvement Fund
- UOSF** (Underground) Oil Storage Facility Loan Program

1) The last quarter:

1) The last quarter:



2) The last six months:



FAME Direct Loans Portfolio (12/31/2009)

- ◆ Number of Loans: 743
- ◆ Total Loan Dollars Outstanding: \$35,436,888

Featured Program

**(Underground) Oil Storage Facility Program**

A little known program, but highly effective for assisting companies that have oil storage facilities (primarily gasoline tanks, but also fuel oil tanks) that do not meet the current Department of Environmental Protection (DEP) requirements. Since 1989, the Oil Storage Facility program has helped 259 businesses with a total of \$12,936,296 in low-interest, fixed-rate financing to help them dispose/replace oil/gasoline storage

Oil Storage Facility program has helped 259 businesses with a total of \$12,936,296 in low-interest, fixed-rate financing to help them dispose/replace oil/gasoline storage facilities and associated piping that did not meet the standards required by the DEP.

Under the program, businesses can receive up to \$600,000 for a project necessary to dispose/replace their aboveground and underground commercial storage tanks, piping and related equipment associated with the tank, to bring them up to standard as well as the purchase and installation of vapor recovery systems.

Please refer to the FAME web site [www.famemaine.com](http://www.famemaine.com), under the Business Box and tab for Businesses to read the fact sheet and obtain an application.

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## Legislative Update

The Maine Legislature re-convened for its Second Regular (shorter) Session on Wednesday, January 6, 2010. The state budget and a limited number of “emergency” bills will dominate legislators’ attention for the next few months. Legislators are expected to wrap up business by early April.

The Appropriations Committee and other committees have been busy conducting public hearings and work sessions on Governor Baldacci’s proposed supplemental budget, which would cut approximately \$438 million from the \$5.8 billion two-year budget that began back in July. The budget proposal would, if accepted by lawmakers, make significant cuts to Maine’s education and human services programs, including a \$511,552 cut in FY 11 from FAME’s student financial assistance programs. To view the Governor’s proposed Supplemental Budget, please visit: <http://www.maine.gov/governor/baldacci/policy/budget/index07-07.html>

Governor Baldacci delivered his final State of the State Address on January 21 before a joint convention of the Legislature. The Governor noted the difficult economy and state budget, as well as the opportunities inherent in them. He expressed support for wind energy and composite research, as well as the private-public sector partnerships occurring at places like the University of Maine. To read the full text of the address, please visit: <http://www.maine.gov/tools/whatsnew/index.php?topic=Gov+News&id=89381&v=Article-2006>

The Joint Standing Committee on Business, Research, and Economic Development (BRED) recently conducted a review of FAME programs pursuant to the Government Evaluation Act. This exercise occurs every eight years for state agencies and is a chance for the Legislature to assess the effectiveness of programs. FAME presented extensive information about the success of its business and education finance programs, and the committee found that FAME has satisfied the requirements of its mission.

Three bills of interest to FAME and the business community had recent hearings before the BRED and Taxation Committees.

LD 1, *An Act to Stimulate Capital Investment for Businesses in Maine*, had been “pocket” vetoed by the Governor after the adjournment of the First Session. Formerly known as Fund of Funds, the bill has been amended and approved by the BRED Committee. The new version encourages the Maine Public Employees Retirement System to invest in venture capital funds that make reasonable efforts in Maine businesses in targeted technology sectors. FAME would be authorized to approve refundable tax credits equal to up to 80% of certain investments. Tax credits would be limited to \$20 million, with no more than \$4 million being placed at risk in any single venture capital fund.

The BRED Committee also unanimously endorsed FAME’s legislation, L.D. 1530, *An Act to Facilitate Recovery Zone Facility Bonds*. The bill, sponsored by Senate President Libby Mitchell, will help implement federal Recovery Act provisions and allow Maine to take advantage of these one-time opportunities. The federal government allocated \$135 million to Maine for the issuance of *Recovery Zone Facility Bonds*. The bonds are tax-exempt bonds for private economic development purposes and may be used to finance certain private projects within designated

*Facility Bonds*. The bonds are tax-exempt bonds for private economic development purposes and may be used to finance certain private projects within designated “recovery zones.” The federal government also allocated \$90 million to Maine for the issuance of *Recovery Zone Economic Development Bonds*. The bonds are to be used to finance certain “qualified economic development purposes” such as capital expenditures for public infrastructure and facilities, as well as job training and education programs. The interest on these bonds is taxable, but an issuer receives a subsidy of 45% of the payable interest. Finally, the government allocated \$13.6 million to Maine for issuance of *Qualified Energy Conservation Bonds*. FAME, the Maine Municipal Bond Bank, Maine counties, Maine bond counsel and small businesses worked hard to reach consensus and not miss out on this crucial economic development opportunity.

Senate President Libby Mitchell also has sponsored a bill to improve FAME’s Seed Capital Tax Credit Program. LD 1666, *An Act to Improve the Seed Capital Investment Tax Credit Program*, recently had a public hearing in the Taxation Committee. The bill would increase the current credit to 60% statewide and allow it to be refundable to encourage out-of-state investors to invest in Maine businesses.

To follow the proceedings of the Legislature and its various joint standing committees, please visit: <http://www.maine.gov/legis/schedules.htm>

Finally, on Saturday, January 23, FAME participated with the U.S. Small Business Administration, the U.S. Department of Agriculture’s Rural Development Authority, Maine Small Business Development Centers, and Maine small business owners at a Lewiston forum hosted by U.S. Rep. Mike Michaud. The well-attended event focused on economic development and available financing tools for Maine’s small businesses.

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