

## Business Quarterly Update

October, 2009 - Vol 1, Issue 1

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### Greetings!

Welcome to the Finance Authority of Maine's First Business Quarterly Update. We heard your calls for an informative newsletter and our vision to provide this is finally a reality. It is our hope that this newsletter will provide an excellent source for information on activities in the Business Division of FAME as well as highlight and share details of business finance programs and services we provide.

We've designed this newsletter with a number of sections. The newsletter will feature a "FAME Business News" section covering loan projects and program activities, an "Ask FAME" section with informative questions and answers about FAME business finance programs, a "Project Highlight" section providing information on a special project, a "Featured Program" section to explain a specific program and "Legislative Update" section that will provide you with information on FAME activities with the Maine Legislature. Also note that we will provide information on upcoming events that may be of interest to you.

We hope you find our newsletter informative and helpful. After you've had a chance to peruse this first issue please feel free to give us your feedback by contacting [Deb Cole](#).

### FAME Business News

#### Join us for Showcase Maine on November 10, 2009

FAME's annual meeting, Showcase Maine, will be held on November 10, 2009 at the Holiday Inn by the Bay. We are so pleased this year to feature Dr. Sandy Baum as the keynote speaker. Her topic will be Investing in Higher Education: The Future of Our Economy. Dr. Baum is a Senior Policy Analyst at the College Board and former Professor of Economics at Skidmore College. She has

written extensively on issues relating to college access, college pricing, student aid policy, student debt, affordability, and other aspects of higher education finance. She will relate those issues to Maine's future economic growth.

### **And the Award Winners Are . . .**

#### **Business at Work for Maine Award**

Western Maine Charitable Foundation (Maine Huts and Trails) was founded by Mainers who share a vision for preserving our state's naturally beautiful remote areas, with a focus on building and operating a year-round, 180-mile recreational corridor from the Mahoosucs to Moosehead, including a network of huts (each able to accommodate 42 guests), trails and waterway corridors. The trail system will provide year-round outdoor education and recreation opportunities for hiking, paddling, biking, skiing, snowshoeing, fly-fishing, hunting, photography, rafting, as well as mountain and rock climbing.

#### **Education at Work for Maine Award**

Maine College Transitions Program - Maine College Transitions is an initiative of the Maine Department of Education and the Compact for Higher Education. Maine College Transitions is a comprehensive program of study leading to enrollment in a postsecondary institution. Offered through local adult education programs, services include career planning, case management, data collection, instruction in college preparation coursework, and the development of a peer cohort and/or coaching system. Approximately 1,300 students are currently enrolled in the twenty-two grant programs offered in forty communities across the State of Maine.

#### **Dirigo Awards**

**John Burns** (Small Enterprise Growth Fund) - John has served as Fund Manager of the Small Enterprise Growth Fund (SEGF), a state-sponsored venture capital fund, since 2000. John's responsibilities include the full range of venture industry activities: marketing, deal generation, investment analysis, due diligence, company monitoring and support, as well as the development of exit strategies. He is also responsible for maintaining a strong relationship with the Small Enterprise Growth Board, the Governor's office, and the Legislature. John has played a significant role in bringing capital to 30 Maine companies to date, and has steered the SEGF through a number of returns of capital to the Fund.

**Carolyn Dorrity** - While working at Acadia Health Education Coalition, Carolyn introduced health careers to countless students, working tirelessly and enthusiastically to create and support opportunities for clinical mentorships. These mentorships provide training opportunities and support for rural rotations in the state's higher education medical programs. Carolyn ensured the successful implementation of a dental careers exploration curriculum in high schools across the state, particularly in Northern Maine. Carolyn also participated in the design of over 15 health career exploration activities and camps for Maine's youth. Through her leadership, she introduced the [mainehealthcareers.com](http://mainehealthcareers.com) Web site and developed over 150 clinical preceptors at 62 clinical training centers.

#### **Financial Institution of the Year Award**

**Camden National Bank** - Camden National Corporation (CNC), headquartered in Camden, Maine, is the holding company for two financial services companies: Camden National Bank (CNB) and Acadia Trust, N.A., which together employ more than 400 Maine residents. Camden National Bank is a full-service community bank with a network of 37 banking offices serving coastal, western, central, and eastern Maine. Acadia Trust, N.A. offers investment management and fiduciary services with offices in Portland, Bangor, and Ellsworth. In addition, Acadia Financial Consultants, located at Camden National Bank, offers full-service brokerage and insurance services. Camden National Corporation was recently named the 11th-best performing mid-tier bank in the nation by USBanker magazine, and received a "Best Places to Work" designation by The Maine State Council of the Society for Human Resources Management.

#### **New FAME Web Site**

FAME has launched its enhanced Web site. Please visit our site at [www.famemaine.com](http://www.famemaine.com) and provide us with your comments and feedback. This launch represents just the first stage of our Web site redesign. Please stay tuned for new functionality to help Maine businesses, students and families meet their financing needs.

## **Maine Economic Development Venture Capital Revolving Investment Program (VRIP)**

The Finance Authority of Maine (FAME) recently requested and received applications by private venture capital funds to deploy up to \$985,000 in additional funds through its successful Maine Economic Development Venture Capital Revolving Investment Program (VRIP). VRIP, created by the Legislature in 1995, allows the state to invest as an equal partner in eligible private venture capital funds to support emerging and early-growth businesses in Maine. Since 2000, FAME has invested \$3 million in five separate funds that have collectively invested almost \$13 million in various Maine companies. For more information on venture capital fund participants, please visit [www.famemaine.com](http://www.famemaine.com).

## **FAME Loan Insurance Change**

FAME recently approved modifications to its loan insurance policy that will allow FAME-approved lenders to obtain insurance coverage on previously uninsured exposures through a modification or refinance. Under this new program, up to a maximum of 40% of FAME loan insurance may be provided. Requirements are that the loans demonstrate cash flow savings and public benefit such as the retention or creation of jobs and the impact the industry has on jobs. For more information, please visit FAME's web site at [www.famemaine.com](http://www.famemaine.com).

## **FAME Regional Economic Development Revolving Loan Program ("REDRLP") - Legislative Changes**

FAME works cooperatively with 25 economic development agencies to provide separate local revolving loan funds throughout the State of Maine. During the first session of the 124th Legislature, the REDRLP agencies worked with FAME to make changes to the current law, with a focus on revising some program parameters and expanding program capabilities for the future. The revision of this law (PL 2009, Chapter 131) was effective September 14, 2009.

A brief list of the Legislative changes are below:

- Increase the dollar maximum for each loan;
- Delete the need for match funds on REDRLP loans of \$50,000 or less;
- Change match requirements for loans over \$50,000;
- Clarify business eligibility for funding;
- Increase the ceiling on loan funding each agency may receive.

This legislation provides fundamental changes that make the program more effective for current and future needs.

## **FAME Strategic Plan**

As with most businesses, FAME must review current operations with a focus on becoming more efficient and effective for our customers. Over the past few months, we have been working on a plan to achieve these goals, while recognizing the current economic factors and looking for creative ways to meet any identified unmet needs. The process is well under way and we expect to use our findings over the coming years to maintain and increase our high level of service to the citizens of Maine.

## **Ask FAME**

**Q:** Is there business financial assistance available for companies wanting to increase their energy efficiency?

**A:** Yes. FAME works with the Maine Public Utilities Commission (PUC), to provide low-interest loans to improve energy efficiency in Maine workplaces. Under this program, the PUC assists companies in identifying energy savings projects and can fund up to 90% of any project, up to a maximum loan of \$35,000, at a fixed rate of 1%. To learn more about this program and receive an application, please contact the Efficiency Maine Program at the Maine PUC - (207) 287-3318.

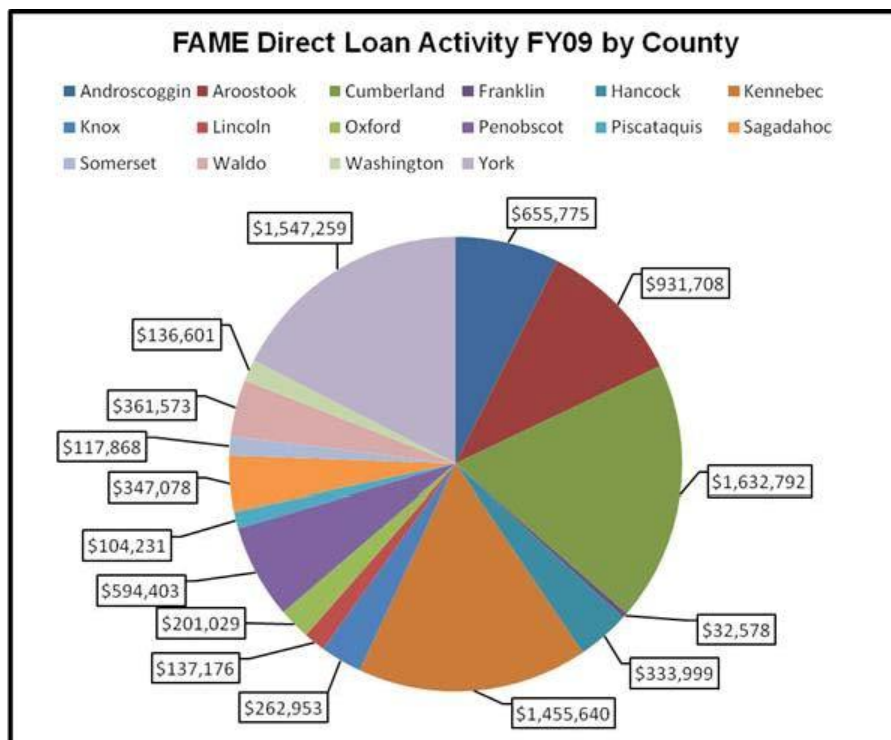
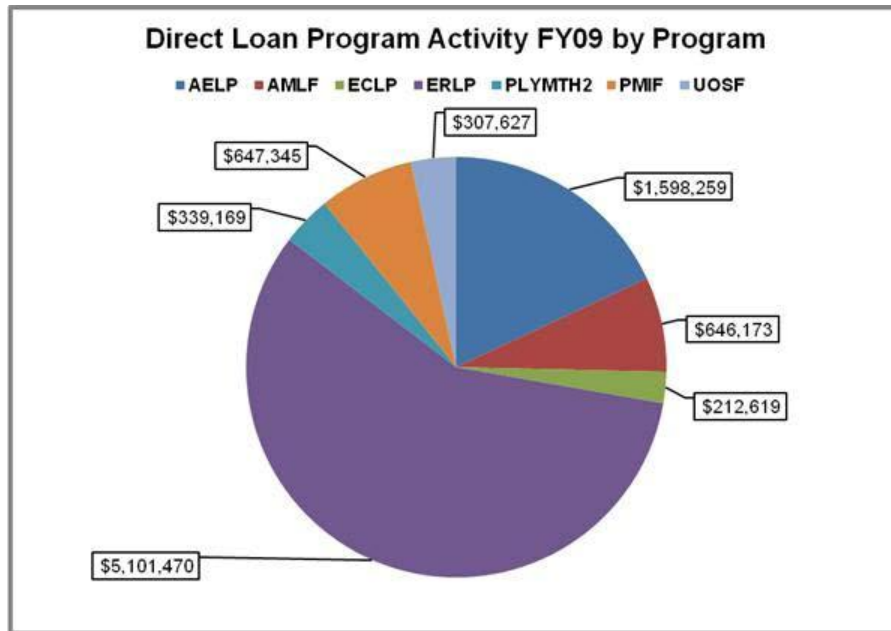
## **FAME Business Portfolio**

Our FAME Business Division, in addition to providing new loans and loan insurance, has a

significant portfolio of loans. Our current, active portfolio of loans (as of 9/30/09) is:

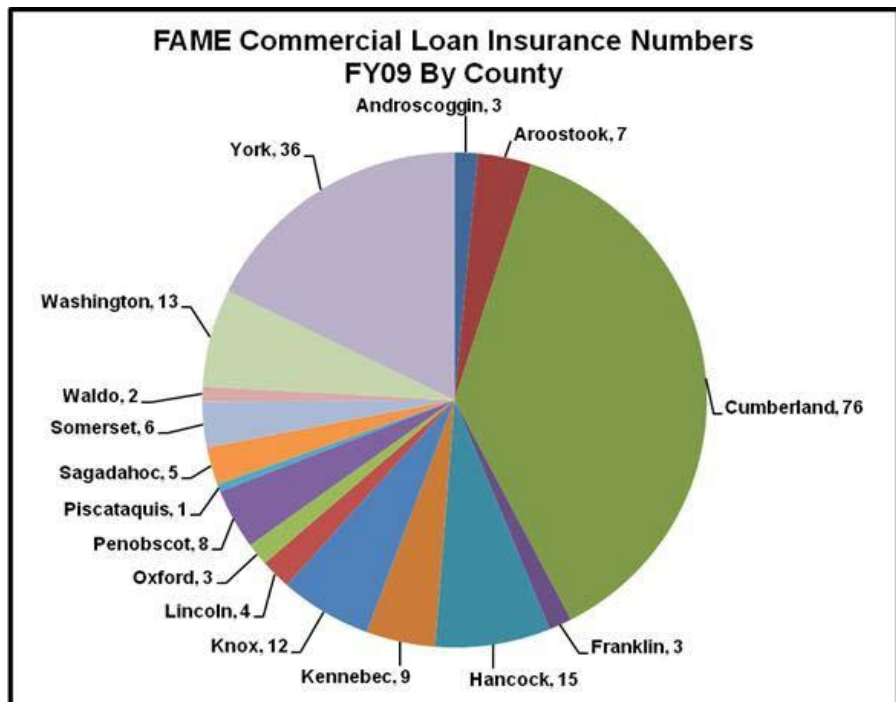
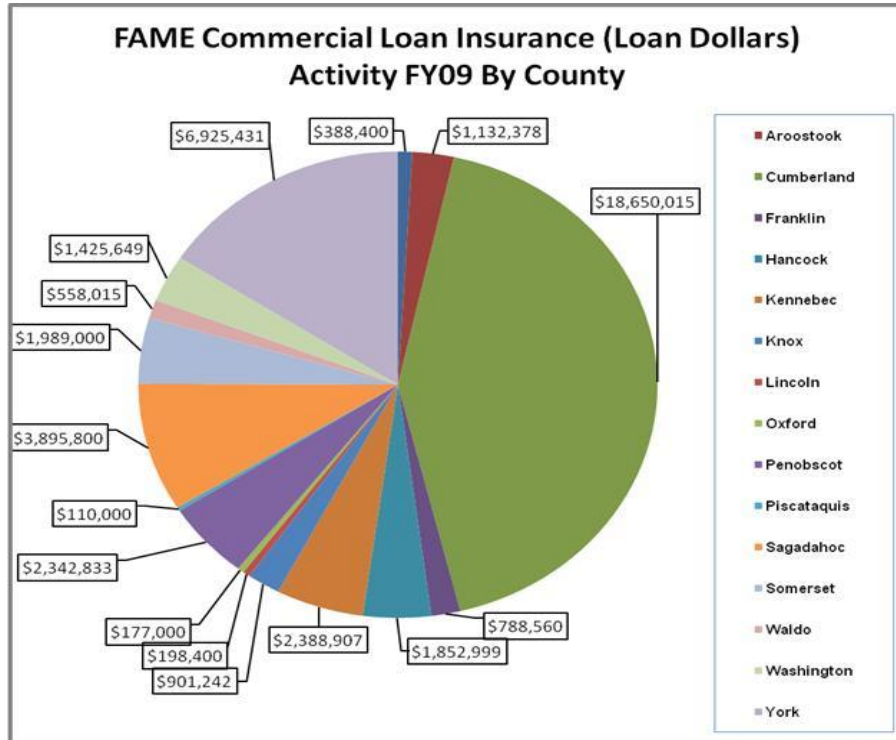
- **Direct Loans - 717 totaling \$34,097,636**
- **Commercial Loans Insurance - 527 totaling \$120,375,243**

Direct Loans activity FY 2009: We continue to build our direct loan portfolio. Over the past year (FY 2009), FAME provided 248 direct loans totaling \$8,852,662:

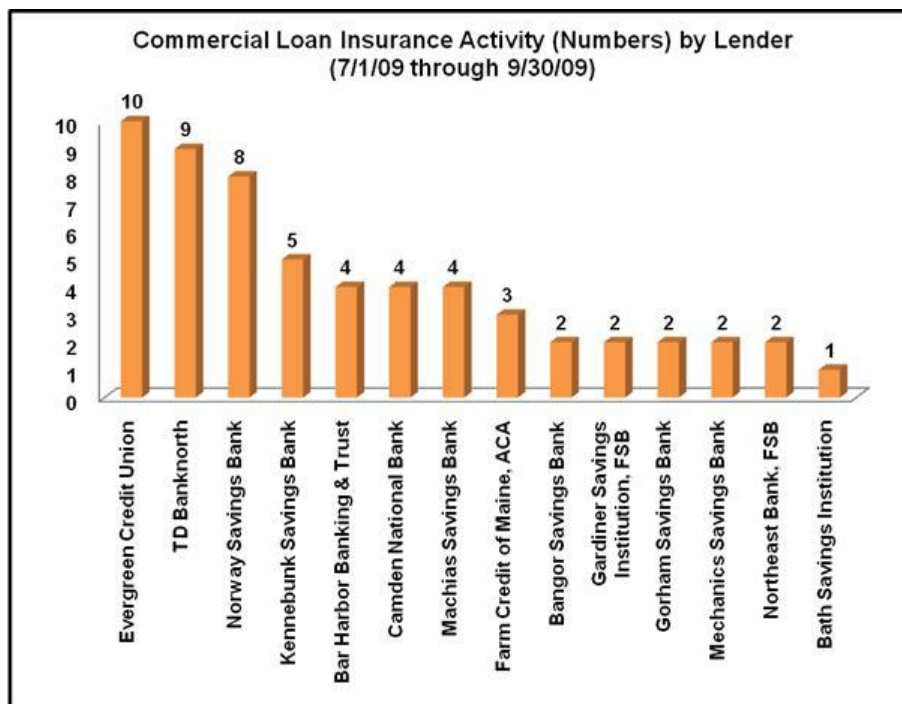
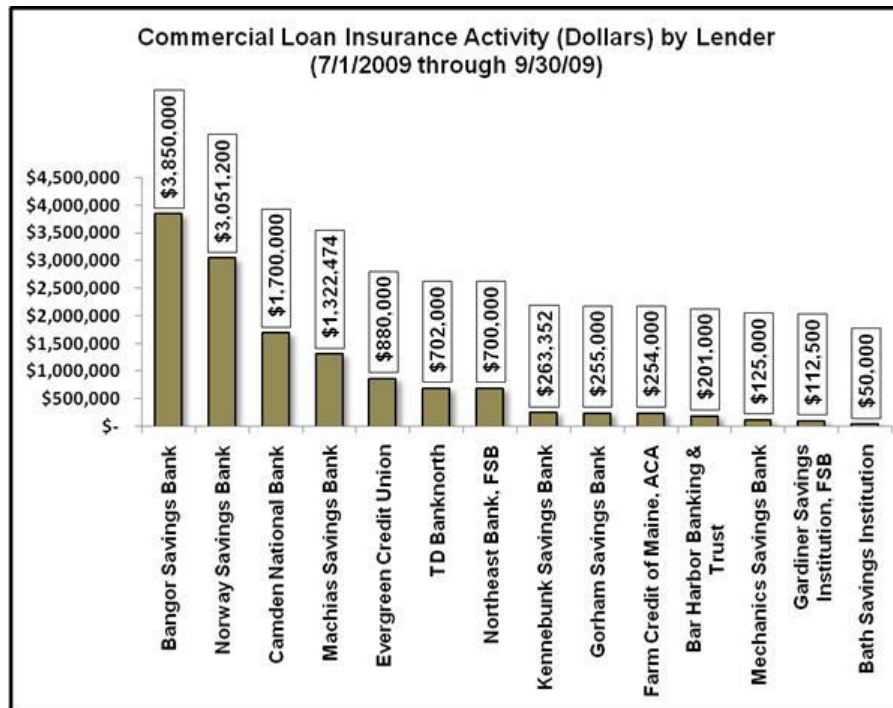


### Insured Loans activity FY2009

We were also very busy over the past fiscal year with loan insurance requests. FAME Commercial Loan Insurance activity during FY 2009 totaled \$47,653,664 from 23 lenders and covered every county in the state (dollars insured) as follows:



Finally, we have been very active with our Commercial Loan Insurance this first quarter of 2010. As the following two charts suggest, lender activity is brisk:



## Featured Program

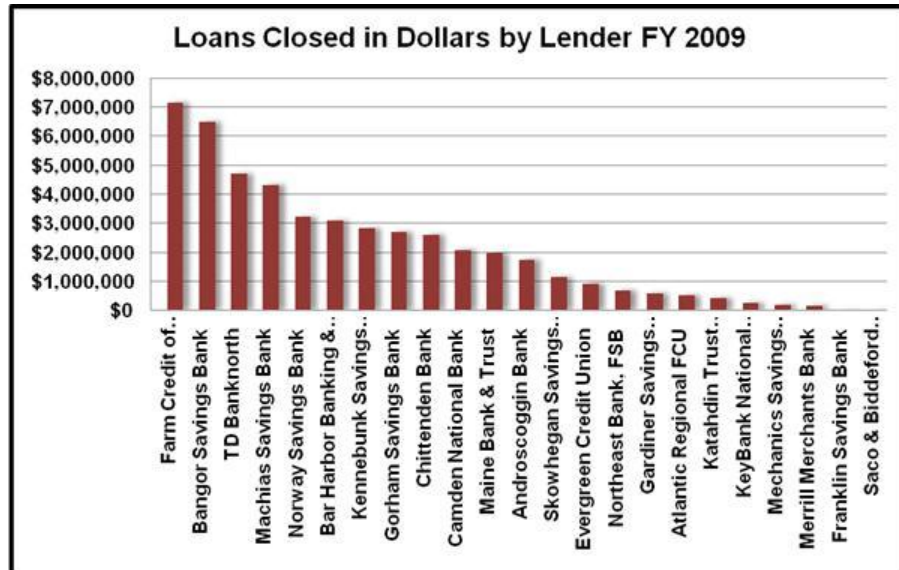
### FAME Loan Insurance ("Bread and Butter")

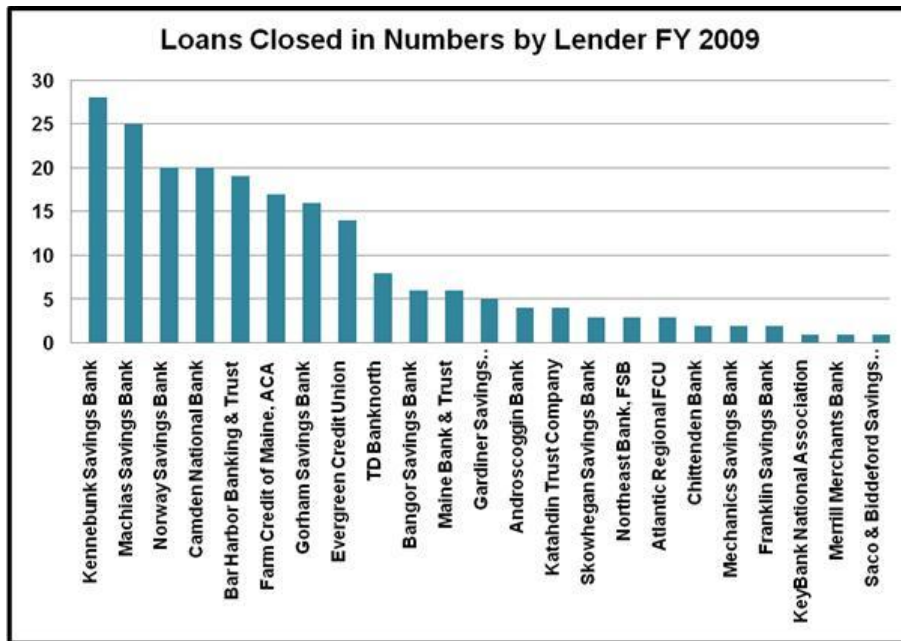
Every business has what they call a "Bread and Butter" program and FAME is no exception. Though we provide services through a number of other business loan programs, our highest level of activity comes from benefits we provide under the Commercial Loan Insurance Program. This loan

insurance program insures a portion of a loan for a business made by a financial institution up to 90% of the loan made (up to a maximum level of \$4,750,000 in FAME insurance). This insurance level can meet the lion's share of business financing needs in the state of Maine, stimulating financing activity through risk reduction to financial institutions.

Our "Bread and Butter" program can also be enhanced by creative uses of our ability to provide loan insurance. For example, FAME created a very popular online process for loan insurance applications (OLA) that is easy to use and significantly decreases application processing turn-around time. For applications that meet certain scoring criteria, a lender can receive an automatic loan insurance authorization by e-mail within minutes of the submitting the application online. FAME also has the ability to use this online process to provide specialized loan insurance. FAME recently approved the use of the online process to provide insurance on revised loans held by financial institutions that provide benefits to business borrowers and improve cash flow.

Through our "Bread and Butter" loan insurance program, FAME has provided benefits to thousands of Maine businesses through the financing activities of a number of lenders:





## Legislative Update

Although the Legislature has adjourned until January 5, 2010, the State House remains busy. The budget-writing Appropriations and Financial Affairs Committee has been meeting monthly to identify budget savings in the face of projected revenue shortfalls. State departments and agencies have furnished the committee with lists of budget and program priorities. Among other areas, the committee is reviewing economic development programs, including business assistance programs and tax breaks. Other committees have been meeting in the interim, as well. The Education and Cultural Affairs Committee met September 17th and 18th and heard from University of Maine System Chancellor Richard Pattenaude regarding his plans for restructuring the system and achieving cost savings.

The deadline for legislators and agencies to submit bills for consideration in the Second Session ("cloture") was September 23rd. FAME has submitted bills to improve the Seed Capital Tax Credit and to facilitate Recovery Zone Bonds made available through the American Recovery and Reinvestment Act (ARRA). The Seed Capital bill would align the tax credit with Governor Baldacci's newly revamped Pine Tree Development Zone Program. As noted elsewhere in this newsletter, FAME's successful legislation to improve its Regional Economic Development Revolving Loan Program (REDLP) recently took effect.

## Meet the Business Staff



Back row: Bob Corey, Rob Small, Charlie Emmons, Jeff Murch, and Scott Weber. Middle row: Kathy Clary, Laurie Garrison and Michelle MacKenzie. Front row: Kelly Bourassa and Deborah Cole

## BUSINESS & EDUCATION at work for Maine

**Don't Forget FAME's "OnLine Answer" Application for Loan Insurance.  
A quick and easy way to apply!!!!!!**

For more information on FAME Business Programs, a copy of FAME's "Capital Access Book" can be obtained at: <http://www.famemaine.com/business/publications.asp>

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