

**MINUTES OF THE AUGUST 17, 2017 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the August 17, 2017 meeting of the members of the Finance Authority of Maine to order at 9:04 a.m. at the Finance Authority of Maine, 5 Community Drive, Augusta, Maine.

Chair Nowak noted for the record that the members had received an Agenda and Notice of Meeting (*see Certificate of Mailing attached as Appendix 1*), and that notices of the meeting had been published in certain newspapers throughout the state (*see Affidavits of Publication attached as Appendix 2*).

A. CALL TO ORDER

Chair Nowak called the roll of the members and noted that there were sufficient members present for the purpose of beginning the meeting.

Those members present were as follows:

Raymond Nowak, Chair
Richard Roderick, Treasurer
Jonathan Block (*entered the meeting at 9:08 a.m.*)
David Daigler
Denise Garland for George Gervais
Terry Hayes
James Howard
Meredith Mendelson for Patrick Keliher
Larry Mitchell (*entered the meeting at 9:50 a.m.*)
Timothy Nightingale
Rosaire Pelletier
Christopher Pierce
Cheri Walker

Those members absent:

James Violette, Jr., Vice Chair

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
William Norbert, Governmental Affairs and Communication Manager
Carlos Mello, Chief Risk Officer
Katryn Gabrielson, Deputy General Counsel
Charles Emmons, Director of Commercial Lending
Lisa Brown, Human Resource Manager
Scott Weber, Senior Credit Officer
Jennifer Cummings, Senior Workout Officer
Sally Garand, Commercial Loan Officer

Shelly Desiderio, Chief Accounting Officer
Roxanne Broughton, Commercial Loan Officer
Matthew Lindquist, Commercial Loan Officer
Ellen Curtiss, Credit Analyst
Eva Giles, College Savings Plan Manager
Adele Bickford, Executive/Legal Assistant

Guests Present:

Leslie Lederer, Catalyst
Randall Chicoine, Catalyst
Kris Eimicke, Pierce Atwood
Ned Dwyer, Catalyst
Om Bhatia, Catalyst
Scott Whittier, DEP
John True, DEP
Tuesdi Woodworth, FSS, Inc.
J. B. Turner, FSS, Inc.
John Simko, Androscoggin Bank
Craig Stuart-Paul, Fiberight
Craig Knowlton, Fiberight

A2: Approval of July 20, 2017 Board Meeting Minutes

Mr. Wagner asked that the wording “staff initiated discussion” in the opening sentence of paragraph 2 of Executive Session No. 6 be included.

A motion was made by Treasurer Roderick and seconded by Mr. Pelletier to approve the minutes of the July 20, 2017 Board meeting as amended. The motion was approved by a vote of 10 in favor, 0 opposed and 1 abstention (Meredith Mendelson).

R-08-17-17-01

B: CHAIR’S REPORT

B1: Acceptance of the Report of the Executive Committee Meeting of July 17, 2017

Tabled.

B2: Acceptance of the Report of the Business Committee Meeting of June 27, 2017

A motion was made by Treasurer Roderick and seconded by Ms. Walker to accept the Report of the June 27, 2017 Business Committee meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-08-17-17-02

B3: Acceptance of the Report of the Education Committee Meeting of August 3, 2017

A motion was made by Mr. Nightingale and seconded by Mr. Pelletier to accept the Report of the August 3, 2017 Education Committee meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-08-17-17-03

CEO's and STAFF REPORT

C1: CEO Report

The CEO Report was provided to members in their board packets, and Mr. Wagner took questions by exception. In addition to the report, he provided a framework for the discussion with Catalyst personnel scheduled for later in the agenda. Staff has broken down Catalyst's MBE request into three areas: primary source of repayment as a viable project and positive cash flow; secondary source of repayment, which Catalyst will address; and levels of collateral available. Data for the project from engineering and marketing reports as well as rating information is not yet available.

Mr. Wagner reviewed the Incentive Plan in which all goals were met and announced that FAME again this year is being recognized as "Best Place to Work".

The Board's October retreat is scheduled for October 18th and 19th. The Wednesday visits will be with employers working to deal with workforce shortages and their strategies to close the gap. Dinner that night will be at DiMillos with Greg Powell addressing the Harold Alford Foundation (HAF)/FAME relationship as well as workforce development. The Board meeting on the 19th will be at the McKernan Center at USM. Mr. Wagner thanked Mr. Daigler for his help with those accommodations.

C1a: Articles of Interest

Included in board packet.

C1b: Strategic Plan Update

Mr. Wagner reminded members of FAME's two goals: productivity and growth of good paying jobs. The metrics to obtain these goals are provided in the Strategic Plan update in the board packet, which Mr. Wagner reviewed and opened for comment. Staff, or Mr. Wagner speaking for those not in attendance, with responsibility for each target addressed the metrics and results.

C2a: NextGen Update

Mr. Daigler exited the meeting at 9:59 a.m.

Treasurer Roderick moved to enter into Executive Session to discuss records for which confidentiality has been requested by the owner or the person to whom it pertains, and as to which the Authority determines the information in which gives the owner/user an opportunity to obtain business or competitive advantage over another person who does not have access to the information other than through the Authority, or that access to the information by others would result in a business or competitive disadvantage, loss of business, or other significant detriment (10 MRSA §975-A(2)(B). The motion was seconded by Ms. Walker and approved

by a vote of 10 in favor, 1 opposed (Terry Hayes) and 0 abstentions. Chair Nowak did not vote.

Members entered Executive Session No. 1 at 10:00 a.m.

Members exited Executive Session No. 1 at 10:03 a.m.

C2b: Morningstar Visit

Mr. Daigler re-entered the meeting at 10:05 a.m.

As part of an annual trip, Mr. Wagner and Ms. Giles will meet with Morningstar personnel in Chicago on August 31st. Mr. Wagner requested an executive session in order to provide more detail.

Treasurer Hayes moved to enter into Executive Session to discuss records contained in records of the Authority which are declared confidential by statute (1 MRSA §405(6)(F). The motion was seconded by Treasurer Roderick and approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session No. 2 at 10:05 a.m.

Members exited Executive Session No. 2 at 10:08 a.m.

C3a: MBE – Approval Process

Ms. Walker exited the meeting at 10:20 a.m.

Ms. Walker re-entered the meeting at 10:22 a.m.

Treasurer Roderick exited the meeting at 10:26 a.m.

Treasurer Roderick re-entered the meeting 10:28 a.m.

At the request of the board, Mr. Emmons reviewed the MBE process generally, without regard to any particular applicant, with members as outlined in his memo in the board packet. The memo provides the information staff reviews in order to get to the “strong likelihood of repayment”, which is required by statute. MBE’s carry the moral obligation of the state. Currently, the board has met on three separate occasions with Catalyst. The Business Committee has also met to discuss the Catalyst project and will meet again before the September board meeting when the MBE request from Catalyst will be considered for approval. A grid listing the statutory and regulatory requirements for MBE projects was included in the board packet. Discussion ensued regarding creditworthiness and the strong likelihood of repayment requirements.

E: BOARD EXECUTIVE SESSION

Treasurer Hayes moved to enter into Executive Session for discussion or consideration of a personnel matter in which public discussion could reasonably be expected to cause damage to the reputation or the individual’s right to privacy would be violated (1 MRSA §405(6)(A).

The motion was seconded by Ms. Walker and was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session # 3 at 10:30 a.m.

Staff exited the meeting.

Members exited Executive Session #3 at 10:40 a.m.

BREAK: 10:40 a.m. – 10:47 a.m.

3b: Catalyst Discussion

Mr. Block exited the meeting for a conflict of interest at 10:47 a.m.

Ms. Mendelson re-entered the meeting at 10:58 a.m.

Treasurer Roderick exited the meeting at 11:31 a.m.

Treasurer Roderick re-entered the meeting at 11:34 a.m.

Ms. Broughton introduced Les Lederer-Chairman and Interim CEO, Om Bhatia-CFO, Randall Chicoine-Vice President and General Manager of the Rumford Mill, and Ned Dwyer, COO of Catalyst. Catalyst will come before the board in September with a \$25 million request for a Major Business Expansion (MBE) loan to purchase a tissue machine to be housed at the Rumford site. The addition of the tissue machine will allow the company to become a three pronged industry: pulp, paper, and tissue, enabling the company to retain 640+ jobs and adding 25 new positions. Mr. Lederer stated that the purchase of the tissue machine is critical to the company, Rumford community and surrounding areas. Specialty paper is a growing industry in North America. The project will not only increase the availability of jobs in the area but also impact the area with 3200 indirect jobs and inject \$730 million into the local economy. Mr. Lederer opened the meeting to questions. General questions related to the competition of capital projects within Catalyst, use of a special purpose financing vehicle, payback from revenue generated by project, impact of energy savings resulting from pulp processing and the use of state programs as a means of low cost financing and interest rates not available in the commercial market, were discussed. Staff will coordinate a tour of the Rumford facility for board members. Acknowledgement was given to the strong and unprecedented support of the unions for the project before going into Executive session.

Mr. Howard moved to enter into Executive Session to discuss records for which confidentiality has been requested by the owner or person to whom it pertains, and as to which the Authority determines the information in which gives the owner/user an opportunity to obtain business or competitive advantage of another person who does not have access to the information other than through the Authority, or that access to the information by others would result in a business or competitive disadvantage, loss of business, or other significant detriment (10 MRSA§975-A(2)(B)). The motion was seconded by Ms. Walker and approved by a vote of 11 in favor, 0 opposed and 1 abstention (Jonathan Block).

Members entered Executive Session No. 4 at 11:36 a.m.

Members exited Executive Session No. 4 at 11:50 a.m.

C4: Legislative Update

Tabled.

D: ACTION ITEMS:

D1: Approval for Rule-making – CH. 326, Compliance Assistance Loan Program

Ms. Walker exited the meeting at 11:51 a.m.

Mr. Pelletier exited the meeting at 11:51 a.m.

Ms. Walker re-entered the meeting at 11:53 a.m.

Mr. Block re-entered the meeting at 11:58 a.m.

Mr. Pelletier re-entered the meeting at 12:05 p.m.

Ms. Gabrielson introduced Scott Whittier and John True of the Maine Department of Environmental Protection (DEP). Rule Ch. 326, Compliance Assistance Loan Program, is before the board for rulemaking approval. The rule establishes procedures and standards applicable to borrowers participating in an existing program that provided low interest rate funding for the removal of underground and above ground oil storage units, the funds for which have been depleted overtime. The need still exists and the DEP has identified a new source to recapitalize the fund, the Clean Water State Revolving Fund (CWSRF) administered by the Maine Municipal Bond Bank. \$10 million over three years will be available and includes some different criteria from the previous program as outlined in Ms. Gabrielson memo to the board dated August 4, 2017 and contained in the board packet. Mr. Whittier addressed the need, stating that approximately 475 tanks are in need of replacement throughout the state, some of which are in sensitive geological areas. Concern was expressed by the board for targeting those in need rather than those that can access conventional financing. Debt service coverage has been set to prevent losses experienced in the previous program in an effort to provide funding that will go beyond three years.

A motion was made by Treasurer Roderick and seconded by Mr. Howard to approve Rule Ch. 326, Compliance Assistance Loan Program, for rulemaking. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-08-17-17-04

D2: B & B Precise – Approval of Renewal of a Line of Credit

Tabled

D4: Approval of Underwriting Policy – Credit-based Education Loan Programs

The Approval of Underwriting Policy – Credit-based Education Loan Program is a new policy with exhibits reviewed by the Education Committee at their August 3, 2017 meeting. The committee is

recommending approval.

A motion was made by Mr. Mitchell and seconded by Mr. Block to approve the Underwriting Policy – Credit-based Education Loan Programs. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-08-17-17-05

D5: Approval of Fiduciary and Capitalization Policy - Education Funds

Commissioner Gervais exited the meeting at 12:13 p.m.

Mr. Mello presented the Fiduciary and Capitalization Policy – Education Funds for approval after the Education Committee reviewed it with changes requested by the board. The committee is recommending approval.

A motion was made by Mr. Nightingale and seconded by Mr. Pelletier to approve the Fiduciary and Capitalization Policy – Education Funds. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-08-17-17-06

D6: Approval for Rule-making – Ch. 1, Bylaws and Administration of the Finance Authority of Maine

Mr. Pelletier exited the meeting at 12:15 p.m.

Commissioner Gervais re-entered the meeting at 12:16 p.m.

Mr. Roney advised members that Ch. 1, Bylaws and Administration of the Finance Authority of Maine is before them for approval for rulemaking. The board heard the proposed changes to the Gift Policy now being incorporated into rule Ch.1 last month.

A motion was made by Treasurer Hayes and seconded by Mr. Daigle to approve Ch. 1, Bylaws and Administration of the Finance Authority of Maine, for rulemaking. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-08-17-17-07

D7: Approval of Bond Resolution – Revenue Obligation Securities Program (Coastal Resources of Maine, Inc./Fiberight, LLC)

Mr. Pelletier re-entered the meeting at 12:17 p.m.

Mr. Daigler exited the meeting at 12:17 p.m.

Mr. Daigler re-entered the meeting at 12:19 p.m.

Deputy Commissioner Mendelson exited the meeting at 12:19 a.m.

Craig Stuart-Paul and Craig Knowlton of Fiberight were in attendance at the meeting to answer any questions from members. Mr. Roney provided the resolution authorizing \$45,000,000 of revenue bonds for which FAME is the conduit to Coastal Resources of Maine, LLC/Fiberight, a solid waste disposal facility, as a handout. A public hearing was held at which some members of the public expressed their opposition. Staff issued their decision in favor of the company.

A motion was made by Mr. Howard and seconded by Mr. Mitchell to approve the Resolution, to authorize the issuance and sale of up to \$45,000,000 Solid Waste Disposal Facility Bonds (Coastal Resources of Maine, LLC Project), Series 2017, of the Finance Authority of Maine; authorizing and approving the execution and delivery of an Indenture of Trust, financing agreement, a bond purchase agreement and other agreements; authorizing and approving the delivery of a preliminary limited offering memorandum and a final limited offering memorandum; and other matters in connection therewith. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-08-17-17-08

D3: Front Street Shipyard (Dubba) – Request for Commercial Loan Insurance

Mr. Nightingale exited the meeting for a Conflict of Interest at 12:22 pm

Deputy Commissioner Mendelson re-entered the meeting at 12:24 p.m.

Treasurer Hayes exited the meeting at 12:30 p.m.

Mr. Pelletier exited the meeting at 12:36 p.m.

Ms. Walker exited the meeting at 12:44 p.m.

Ms. Garand introduced J.B. Turner, President, and Tuesdi Woodworth, CFO, of Front Street Shipyard (Dubba) and John Simko of Androscoggin Bank. Ms. Garand provided a handout that changed some information contained in the board packet: FAME will provide insurance during the construction phase and for permanent financing. FAME exposure will remain at \$1.725 million during both phases. Forty additional jobs are expected to be added to the 84 current jobs when the new facility, which will accommodate larger vessels, is completed. Mr. Turner advised members that the company is partnering with a Norway facility to bring the construction of carbon-fiber ferries to the United States. Currently, there are no shipyards using carbon-fiber technology in the United States and by doing so, Dubba will become more diversified.

Mr. Pierce moved to enter into Executive Session to discuss records for which confidentiality has been requested by the owner or person to whom it pertains, and as to which the Authority determines the information in which gives the owner/user an opportunity to obtain business or competitive advantage of another person who does not have access to the information other than through the Authority, or that access to the information by others would result in a business or competitive disadvantage, loss of business, or other significant detriment (10 MRS§975-A(2)(B)). The motion was seconded by Mr. Mitchell and approved by a vote of 10 in favor, 0 opposed and 1 abstention (Timothy Nightingale).

Members exited the meeting for Executive Session No. 5 at 12:44 p.m.

Members re-entered the meeting for Executive Session No. 5 at 1:02 p.m.

Two resolutions were provided to members as a handout.

A motion was made by Mr. Howard and seconded by Mr. Mitchell to approve the Resolutions, to authorize loan insurance for a \$2,300,000 Term Loan for Dubba, Inc. and to authorize insurance for a \$1,300,000 Term Loan for Dubba, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-08-17-17-09

COMMISSIONERS' & TREASURER'S UPDATES

None.

The meeting adjourned at 1:03 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair