

**MINUTES OF THE APRIL 16, 2015 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the April 16, 2015 meeting of the members of the Finance Authority of Maine to order at 9:02 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

A1: Ascertainment of Quorum

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
James Violette, Jr., Vice Chair
Jonathan Block
George Gervais
Terry Hayes
James Howard
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Richard Roderick
Susan Snowden

Those members absent:

Reis Hagerman
Patrick Keliher
Gregory Miller
Cheri Walker, Treasurer

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Director of Business and Finance
Elizabeth Vanderweide, Director of Business Development/Marketing
Martha Johnston, Director of Education
Charles Emmons, Senior Commercial Loan Officer
Sally Garand, Commercial Loan Officer
John Endicott, Commercial Loan Officer

Roxane Broughton, Commercial Loan Officer
Jennifer Cummings, Senior Workout Officer
Katryn Gabrielson, Deputy General Counsel
William Norbert, Governmental Affairs & Communications Manager
Scott Weber, Senior Credit Officer
Rita Fournier, Customer Service/Operations/Programs Manager
Mary Dyer, Financial Education Specialist
Jana McQuilkin, Communications Officer
Christina Nugent, Communications Coordinator
Adele Bickford, Executive/Legal Assistant

Guests Present:

Ted Johnston, Resource Policy Group
Malorie Jolin, Polycor
Kevin Jack, Polycor
Michael Brouillet, Desjardins/Polycor

A2: Approval of March 19, 2015 Board Meeting Minutes

A motion was made by Treasurer Hayes and seconded by Commissioner Gervais to approve the minutes of the March 19, 2015 Board meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-04-16-15-01

CHAIR'S REPORT

B1: Acceptance of the Report of the Education Committee Meeting of March 11, 2015

A motion was made by Mr. Roderick and seconded by Mr. Mitchell to accept the Report of the Education Committee Meeting of March 11, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-04-16-15-02

B2: Acceptance of the Report of the Executive Committee Meeting of March 19, 2015

A motion was made by Ms. Snowden and seconded by Vice Chair Violette to accept the Report of the Executive Committee Meeting of March 19, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-04-16-15-03

B3: Board Evaluation Tool

The Board Evaluation Tool, which is the means by which members can provide feedback on the overall effectiveness of the Board, was included in the Board packet. Members are asked to provide any comments or changes to Chair Nowak by e-mail or telephone.

Members were also asked to provide feedback regarding the Board's annual off-site visit. The consensus was to continue with the visits, and staff will begin plans for an off-site visit in the fall.

C: CEO's and STAFF REPORT

C1: CEO's Report

Mr. Wagner reported that FAME has been very active legislatively. FAME has been proactive in its requests for funding and authority, which will help to enable FAME to reach its strategic goals. In addition, staff has been working with Commissioner Gervais' office on the STEM bill.

Mr. Wagner introduced John Endicott who will join FAME staff as a Commercial Loan Officer. He will join the Commercial team in their continued efforts to be out with customers and grow our business. Mr. Wagner noted that Business has reached its target of \$4.4 million in Economic Recovery Loan Program (ERLP) loans this month, which is up from \$4 million in originations in the entire prior fiscal year. Commercial Loan Insurance is at 89% of its target. The Business team will be out with customers and lenders, working on new products and programs, such as the Preferred Lender Program, to bolster loan volume.

FAME is participating in the initiative to be included on the list of "Best Places to Work", which Mr. Wagner views as an opportunity for FAME to benchmark itself.

Mr. Wagner advised members regarding two loans, which were recently approved by the Board, that are not going as anticipated.

The Strategic Plan has been worked to a very detailed level, and a document will be presented at the next Board meeting outlining the plan. An update of the FY 2016 – 2018 Strategic Plan will be provided to the Board quarterly, beginning in October.

C2: MELA Update

Mr. Wagner updated the Board on the progress to bring FAME and the Maine Education Loan Authority (MELA) together. The merger would provide consolidation for access to student loans. Staff began its financial diligence by meeting with Maine Education Services (MES), which is currently MELA's service organization. It is clear that FAME has the infrastructure to bring the operations together cost effectively. The MELA Board and Director will meet with the Governor on April 29th to discuss FAME's plans to move forward.

C3: Legislative Update

Mr. Norbert reported that three out of the four FAME supported bills have received unanimous support in committee, adding, however, that some carry big fiscal notes. Those receiving committee approval provide increased funding for commercial loan insurance and for direct loans, allow for the transfer of funds from the Venture Capital program to ERLP, and raise the annual bond cap. FAME received support for its student loan consolidation program, and the establishment of a State bank, which FAME lobbied against, received an "ought not to pass" from committee. Pursuant to the discussion at the last Board meeting, staff invited all Board members to participate in a conference call to outline staff's efforts as it related to the New Markets Tax Credit

Program and a FAME amendment to the program. Staff initiated a conference call with the only Board member to respond, Jim Howard. Mr. Norbert summarized the FAME prepared amendment. The amendment does not allow a look back period for projects, but requires a Notice of Intent that holds a place for the project until it actually begins sometime in the future. It eliminates the use of the ill-favored one day loans. The amendment received unanimous support in the committee's second work session. Board discussion ensued regarding the advantages and disadvantages of not having a look back period for eligibility of projects. Mr. Norbert added that there is a new proposal for an amendment that was not raised either at the public hearing or at work sessions. The amendment relates to how allocations are made among Qualified Community Development Entities (CDE), giving preference to those already in the system.

Mr. Norbert and Mr. Mello met with Senator Angus King's office in Bangor. They were very interested in FAME's economic development and education programs and wanted to help the ambassadors for those programs deal with constituents.

C4: Marketing Update

Ms. Vanderweide introduced the Marketing team: Christina Nugent, Communications Coordinator, who concentrates on the Annual Meeting and manages FAME's social media; Jana McQuilkin, Communications Officer, who focuses on all marketing for Education; and Bill Norbert, Communications Manager who, along with Ms. Vanderweide, coordinates press opportunities.

Ms. Nugent provided a handout and reminded members of the Annual Meeting scheduled for November 19th in Portland. She announced that Richard Blanco, poet, had been approached to be the guest speaker but his acceptance has not been finalized. A sheet included in the handout is available for members to make suggestions for other possible speakers should Mr. Blanco not be available. Also included in the handout is a social media listing of FAME's handles/usernames, which Ms. Nugent indicated are not all currently active. FAME expects to expand its social media presence in the future.

Ms. McQuilkin referred members to the material in their handout related to the Maine College Transitions program, which is offered by Adult Education Centers throughout the state to help non-traditional students to higher education. FAME is partnering with the Department of Education to market the program. Ms. McQuilkin also reported that FAME's Outreach team offered 25 FAFSA completion events this year, which led to a 56.8% completion rate. The handout included a mock-up of FAME's new website. Ms. McQuilkin noted that navigation was made simpler and the site has been streamlined. Staff is working with its website developer and expects to roll out the new website after quality checks next week.

Ms. Vanderweide updated the Board on recent Marketing efforts to increase FAME awareness through tradeshows, television and a two page spread in MaineBiz. On the Business side, there are new brochures, binders and sales tool templates. She asked members to be especially cognizant of any possible speaker engagement opportunities.

C5: NextGen TV Ads

Before showing the TV ads, Ms. Vanderweide pointed out the NextGen pamphlet in the handout that uses the tag line "Invest in ME" that will begin appearing next week. Vont is FAME's NextGen marketing firm.

C6: Education Update

Ms. Johnston explained that beginning in July the quarterly Education Update Report will reflect the current structure of the Education division at FAME as outlined in the memo in the Board packet. Included is a list of education events held in April, April being Financial Literacy Month. Mary Dyer, FAME's Financial Education Officer, demonstrated a financial education game, Claim Your Future, played at the middle school level. It is a hands-on, engaging classroom activity, which focuses on exposing students to career and college options with a budgeting component. Going forward, the Claim Your Future game will be printed and available to all teachers in Maine for a classroom activity free of charge. The older version, Get a Life, which is similar, will be available on line.

BREAK: 10:40 a.m. – 10:48 a.m.

C7: Monthly Update for Board on Lumber, Wood, and Paper Industry

Commissioner Gervais, Mr. Pelletier and Mr. Howard re-entered the meeting at 10:49 a.m.

Mr. Weber reported that the monthly exposure for the lumber, wood forestry and paper industry is at 84.9% of the policy maximum, which is down slightly from last month.

D: ACTION ITEMS

D1: Polycor New England, Inc. – Request for Commercial Loan Insurance

Ms. Garand introduced Ted Johnson, Malorie Jolin, Kevin Jack of Polycor and Michael Brouillet of Caisse centrale Desjardins bank. The request before the Board is for 90% Commercial Loan Insurance (CLI) on a \$3,485,000 loan by Caisse centrale Desjardins US Branch to finance the purchase of a presently inactive quarry in North Jay, Maine and to build and equip a granite curbing plant.

Mr. Brouillet of Caisse centrale Desjardins provided background for the bank's U.S. operations. The bank is supportive of the loan to Polycor New England, Inc. because of their expertise in the field, the banking relationship it has with Polycor, Inc. and importantly, the required guarantee of the parent company. FAME's insurance will allow the bank to finance almost up to 100% of this project.

Mr. Jack, Director of Operations for Polycor in Canada, is responsible for the project in North Jay, which will provide an opportunity for growth for Polycor. The North Jay site will provide stone that splits well and is the correct color (gray) to conform to that used in Maine. Mr. Jack reviewed the handout that outlines the development of the quarry and the construction of the curbing plant. He indicated that the project is expected to be at full capacity in 2017, noting that it is expected to create 20 direct and indirect jobs and inject \$3 million into the local community.

Board discussion ensued regarding cash flow, collateral, access to capital markets, legal aspect of the bank's requirement of a corporate guarantee and competition.

A motion was made by Commissioner Gervais and seconded by Mr. Pelletier to approve the Resolution, and to authorize loan insurance for a \$3,485,000 term loan for Polycor New England, Inc. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-04-16-15-04

Commissioner Gervais exited the meeting at 11:29 a.m.

Mr. Pelletier exited the meeting at 11:30 a.m.

COMMISSIONERS' & TREASURER'S UPDATES

None.

The meeting adjourned at 11:31 a.m.

Respectfully submitted,

James Violette, Jr., Vice Chair