

**MINUTES OF THE JANUARY 19, 2017 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the January 19, 2017 meeting of the members of the Finance Authority of Maine to order at 9:07 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
James Violette, Jr., Vice Chair
Richard Roderick, Treasurer
Jonathan Block
Terry Hayes
Meredith Mendelson for Patrick Keliher
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Susan Snowden
Cheri Walker

Those members absent:

George Gervais
Reis Hagerman
James Howard
Gregory Miller

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
William Norbert, Governmental Affairs and Communication Manager
Elizabeth Vanderweide, Business Development and Marketing
Martha Johnston, Director of Education
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
Charles Emmons, Senior Commercial Loan Officer
Scott Weber, Senior Credit Officer

Katryn Gabrielson, Deputy General Counsel
Eva Giles, College Savings Plan Manager
Lisa Brown, Human Resource Manager
Matthew Lindquist, Commercial Loan Officer
Roxanne Broughton, Commercial Loan Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

Phil Gleason, Bernstein Shur
Rene Menard, Thornton Academy
Paul Kelly, Thornton Academy
Dan Pittman, Eaton Peabody
Tom Warren, Husson University
Craig Hadley, Husson University
Eric Samp, GWI
Michael Hahn, Bangor Savings Bank
Patrick Sweeney, GWI
Fletcher Kittredge, GWI
Jim Saffian, Pierce Atwood

A2: Approval of December 15, 2016 Board Meeting Minutes

The minutes of Executive Session No. 2 will be amended to replace reference to \$3.2 to be \$3.2 million.

Vice Chair Violette asked that the second sentence of the opening paragraph on page 5 be struck and that “EBITDA to Total Debt” be changed to read “Total Debt to EBITDA”. Chair Nowak requested that the words “must assess” when referring to FAME’s risk be changed to “staff should consider”. Chair Nowak asked that wording be added preceding the paragraph introducing the board discussion of Casco Bay Vending that would make clear that conflicted individuals were not present during the discussion. The general discussion was held prior to the formal Casco Bay Vending request and without guests present.

A motion was made by Mr. Pelletier and seconded by Mr. Mitchell to approve the minutes of the December 15, 2016 Board meeting, as amended. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-01

CHAIR’S REPORT

B1: Acceptance of the Report of the Business Committee Meeting of December 6, 2016

Chair Nowak suggested wording to be included in the second paragraph of page 2 referencing the review of Casco Bay Vending, which clarifies that Vice Chair Violette was not present during the discussion of the transaction.

A motion was made by Mr. Block and seconded by Treasurer Hayes to accept the Report of the December 6, 2016 Business Committee meeting as amended. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-02

B2: Acceptance of the Report of the Education Committee Meeting of December 8, 2016

A motion was made by Mr. Mitchell and seconded by Treasurer Roderick to accept the Report of the December 8, 2016 Education Committee meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-03

B3: Acceptance of the Report of Executive Committee Meeting of December 15, 2016

A motion was made by Treasurer Roderick and seconded by Ms. Walker to accept the Report of the December 15, 2016 Executive Committee meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-04

C: CEO's and STAFF REPORT

C1: CEO Report

Mr. Wagner asked to go into Executive Session for an update on a Major Business Expansion (MBE) loan for which an application has not yet been received.

Ms. Walker moved to enter into Executive Session to discuss records obtained or developed prior to receipt of a written application for financial assistance from the Authority or in connection with transfer of property to or from the Authority (10 MRSA §975-A(2)(A). The motion was seconded by Vice Chair Violette and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #1 at 9:22 a.m.

Members exited Executive Session #1 at 9:25 a.m.

Mr. Block exited the meeting for a Conflict of Interest at 9:23 a.m.

Mr. Block re-entered the meeting at 9:25 a.m.

The process for approval of an MBE loan is: (1) heard in Business Committee first; (2) applicant presents to the board with discussion afterwards without guests present; (3) and considered by the full board for approval.

C1a: Articles of Interest

Included in the Board packet.

Mr. Wagner, Ms. Gabrielson and Mr. Norbert stepped out of the meeting in order to discuss the necessity of calling an Executive Session regarding a possible legislative matter. Upon return, Mr. Wagner advised members in public session that he, Mr. Mello and Mr. Norbert have been working closely with the administration on a possibility for economic development, which could result in a capital infusion. The exact proposal should be known in the next couple of weeks, and Mr. Wagner will keep the board apprised.

C1b: NextGen Update

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 Mr. Pelletier and approved by a vote of 9 in favor, 1 opposed (Terry Hayes) and 0 abstentions. Chair Nowak did not vote.

Members entered Executive Session No. 2 at 9:31 a.m.

Members exited Executive Session No. 2 at 9:50 a.m.

C1c: Policy Deployment

FAME staff has undertaken a process of cataloging its policies and picked a format delineating policy from procedure. Policy is tied to strategic initiatives and a written operating plan will provide staff accountability for each policy, which will have a revision date and a timetable for review. It will be accessible through FAME's Customer Management System. Credit policies will have a high priority and all policies will go to the appropriate committee before coming to the full board. Mr. Wagner indicated that the process is expected to be completed by July.

C1d: Maine College Savings Program Work Group

Mr. Pelletier exited the meeting at 10:10 a.m.

Ms. Mendelson exited the meeting at 10:12 a.m.

Ms. Mendelson re-entered the meeting at 10:14 a.m.

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

Mr. Pelletier re-entered the meeting at 10:23 a.m.

Ms. Snowden re-entered the meeting at 10:24 a.m.

Vice Chair Violette exited the meeting at 10:27 a.m.

Vice Chair Violette re-entered the meeting at 10:36 a.m.

Treasurer Hayes reminded members that the Work Group was formed about a year ago to assess the overall College Savings Program and was a collaborative effort between FAME and the Treasurer. The Group completed its work in November and members received a copy of the report in their board packets. Mr. Wagner and Treasurer Hayes reviewed the *Recommendations* outlined in the packet. Persons potentially associated with each recommendation are indicated. The recommendation to remove the Treasurer as a statutory member of the Advisory Committee on College Savings generated discussion amongst members. The Work Group suggested that the Treasurer be replaced by a board member appointed by the board Chair and, also, that another seat be added, appointed by the Governor. Ms. Gabrielson informed the board that such a legislative change requires public disclosure, is material to investors, is likely to attract attention and that the move to remove the Treasurer's role should be done cautiously. Treasurer Hayes noted that because of a timing issue, she has found a sponsor for a bill removing her from the Advisory Committee. The FAME board has not reached any consensus yet regarding this or any other recommended change.

The work of this Group will come back to the board for more discussion on the recommendations and the distribution of the report.

BREAK: 10:39 am – 10:50 a.m.

C2: Education Quarterly Update

Ms. Johnston referred members to the memo and supporting material in their board packets. She highlighted some items in her memo: FAFSA completion deadline was October 1 for the first time (our goal is to exceed 60%; as of January 1 FAFSA completions are at 45.74%); staff is looking into commercializing "Claim Your Future", which would utilize out-of-state revenue to support our in-state efforts in financial education; NextGen scholarship sweepstakes was instrumental in breaking the monthly (December) number of account openings; a new program will be announced on February 21; Refinance Student Loan Insurance (RSLI) will become the focus of Marketing now that the election is over; the Education Committee is considering a bond issue for the Maine Loan for academic year 2017-2018.

C3: Legislative Update

Mr. Norbert thanked board members that attended the Legislative breakfast held this morning. Legislative committees are being formed and orientation will begin with FAME's main committees, LCRED and Education. Mr. Norbert and Mr. Wagner have been meeting with leadership to make sure they know our priorities. The Governor posted three nominations to the FAME board: re-nomination of Christopher Pierce, Timothy Nightingale to the seat currently held by Susan Snowden and David Daigle to the seat held by Reis Hagerman. The hearings must be held within 30 days and Mr. Norbert will keep the board advised.

ACTION ITEMS

D1: Biddeford Internet Corporation (GWI) Renewal of Line of Credit

Ms. Snowden exited the meeting for a Conflict of Interest at 11:05 a.m.

Mr. Lindquist introduced Eric Samp (General Counsel), Patrick Sweeny (CFO), and Fletcher Kittredge (CEO) of GWI and Michael Hahn of Bangor Savings Bank. Biddeford Internet Corporation (GWI) is a telecommunications and internet company located in Biddeford with which FAME has had a relationship since 2010. GWI is before the board to renew their asset based line of credit and extend the maturity date of their term loan to coincide with the bank's maturity date of July 31, 2017.

Mr. Hahn reported that the renewed projection results after the sale of some assets were favorable, and he stated that the bank is comfortable with the extensions if FAME is. The bank believes that the company is well situated to find a replacement lender.

A motion was made by Mr. Pelletier and seconded by Treasurer Hayes to approve the Resolutions authorizing Renewal of Loan Insurance for a \$750,000 Line of Credit Loan for Biddeford Internet Corporation and Extension of the Maturity Date of Loan Insurance for a Term Loan for Biddeford Internet Corporation. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Susan Snowden and Raymond Nowak).

R-01-19-17-05

D2: Approval of Bond Resolution – Husson University (Revenue Obligation Securities Program)

Mr. Roney introduced Dan Pittman of Eaton Peabody and Craig Hadley and Tom Warren of Husson University. The \$10.3 million bond resolution will finance a new maintenance building and dormitory, and renovations to existing dormitories. Also, townhouse apartments will be built in two phases. Mr. Roney advised that the projects do not require credit enhancement from FAME, the moral obligation of the state or a bond cap.

A motion was made by Ms. Walker and seconded by Mr. Mitchell to approve the Resolution authorizing the issuance and sale of up to \$10,300,000 in Revenue Obligation Securities (Husson University Issue, Series 2017) of the Finance Authority of Maine, authorizing and approving the execution and delivery of a Loan and Security Agreement, a Tax Regulatory Agreement and other matters in connection therewith. The motion was approved by a vote of 10 in favor, 0 opposed and 1 abstention (Susan Snowden).

R-01-19-17-06

D3: Approval of Bond Resolution – Thornton Academy (Revenue Obligation Securities Program)

Ms. Snowden re-entered the meeting at 11:23 a.m.

Mr. Roney introduced bond counsel, Philip Gleason of Bernstein Shur, who in turn introduced Rene Menard, Headmaster, and Paul Kelly, Chief Financial Officer, both of Thornton Academy. The

\$23.5 million bond will be used to refinance existing debt for capital projects including new dormitories and business offices and renovations to existing facilities such as classrooms, cafeteria, industrial arts building and gymnasium. The addition of an international boarding student program has allowed the academy to reinvest in its facility, providing top notch experiences for local students. Mr. Roney advised that the bond is non-recourse financing to FAME. A public hearing was held and there were no objections.

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve the Resolution authorizing the issuance and sale of up to \$23,500,000 in Maine Education Revenue Obligation Bonds (2017 Thornton Academy Project, Series A and Series B) of the Finance Authority of Maine, authorizing and approving the execution and delivery of a Loan and Security Agreement, a Tax Regulatory Agreement and other matters in connection therewith. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-07

D4: Approval of Bond Resolution – MaineHealth (Revenue Obligation Securities Program)

Mr. Block exited the meeting for a Conflict of Interest at 11:27 a.m.

Vice Chair Violette exited the meeting at 11:27 a.m.

Mr. Roney introduced James Saffian of Pierce Atwood who is representing MaineHealth. Mr. Saffian advised members that MaineHealth is seeking a \$61 million Bond Resolution to continue its implementation of an electronic medical records system. MaineHealth received a \$103 million bond 2 years ago when it initiated the electronic medical system, which links its facilities, making it more efficient. This Bond Resolution, like the others heard before it, carry no liability or credit enhancement from FAME.

A motion was made by Treasurer Roderick and seconded by Ms. Snowden to approve the Resolution authorizing the issuance and sale of up to \$61,000,000 in Revenue Obligation Securities (MaineHealth Issue, Series 2017) of the Finance Authority of Maine, authorizing and approving the execution and delivery of a Loan and Security or Loan and Trust Agreement and other matters in connection therewith. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-01-19-17-08

D5: Approval of Bond Resolution – LifeFlight of Maine, LLC (Revenue Obligation Securities Program)

Ms. Snowden exited the meeting for a Conflict of Interest at 11:30 a.m.

Mr. Block re-entered the meeting at 11:30 a.m.

Mr. Roney re-introduced Dan Pittman of Eaton Peabody and stated that the \$2.5 million Bond Resolution before the board for approval will purchase a new helicopter and medical equipment for this ambulance service. The \$2.5 million bond has companion financing through the Town of

Camden. Mr. Pittman advised that this bond is part of a \$6.5 million project, with the Town of Camden doing a \$4 million municipal bond. The new helicopter, which is a newer version of one currently in service with advanced electronics, will be located in Lewiston/Auburn and the one currently there will move to Sanford. LifeFlight also has a location in Bangor and operates statewide. LifeFlight, which once was located in Camden, has a long standing relationship with Camden and receives strong community support for its services.

A motion was made by Treasurer Roderick and seconded by Mr. Block to approve the Resolution authorizing the issuance and sale of up to \$2,500,000 in Revenue Obligation Securities (LifeFlight of Maine Issue, Series 2017) of the Finance Authority of Maine, authorizing and approving the execution and delivery of a Loan and Security Agreement, a Tax Regulatory Agreement and other matters in connection therewith. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-01-19-17-09

D6: Adoption of Rule 607, Amendment 10 – Access to Medical Education and Health Professions Loan Programs

Ms. Snowden re-entered the meeting at 11:35 a.m.

Vice Chair Violette re-entered the meeting at 11:37 a.m.

Ms. Gabrielson reported that there are three rules relating to the medical professions programs before the board for adoption. The board approved the rules for rulemaking in November and no comments were received. She advised that the Access to Medical Education and Health Professions Loan Program governed by Chapter 607 is no longer making loans. The amendment applies to borrowers under the old program, the details of which are in the memo in members' board packets. Ms. Mendelson noted that the title referring to Commissioner of Human Services should read Commissioner of Health and Human Services. Ms. Gabrielson will make the correction.

A motion was made by Ms. Snowden and seconded by Treasurer Hayes to approve the adoption of Rule Ch. 607, Amendment 10, Access to Medical Education and Health Professions Loan Program, as amended. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-10

D7: Adoption of Rule Ch. 617, Amendment 1 – Health Professions Loan Program

Ms. Gabrielson informed members that this is the first time this rule has been amended and the provisions are outlined in the memo provided to members in their packets. She noted that the "new" Health Professions Loan Program is not a forgivable loan program. No comments were received.

A motion was made by Treasurer Hayes and seconded by Mr. Mitchell to approve the adoption of Rule Ch. 617, Amendment 1, Health Professions Loan Program. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-11

D8: Adoption of Rule Ch. 618, Amendment1 – Maine Veterinary Medicine Loan Program

Ms. Gabrielson again referred members to the memo in their packets outlining the amended provisions to this rule.

A motion was made by Treasurer Roderick and seconded by Treasurer Hayes to approve the adoption of Rule Ch. 618, Amendment 1, Maine Veterinary Medicine Loan Program. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-12

D9: Approval of Rulemaking – Ch. 101, Amendment 6 – Loan Insurance Program

Mr. Mello advised that the amendment to rule Ch. 101, Loan Insurance Program, increases the maximum amount of leveraged loan insurance from \$1 million per borrower to \$2.5 million per borrower and from \$500,000 per borrower to \$1 million per borrower on lines of credit. The changes to the rule have been reviewed and are supported by the Risk Management and Audit and Business committees. Mr. Roney reviewed the rulemaking process, noting that the rule is before the board today for approval for rulemaking and will come back to the board for final approval after a comment period.

A motion was made by Treasurer Hayes and seconded by Mr. Pelletier to approve Rule Ch. 101, Amendment 6, Loan Insurance Program, for Rulemaking. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-01-19-17-13

D10: Approval for Modifications to Maine College Savings Program (NextGen)

Mr. Pelletier exited the meeting at 11:43 a.m.

Ms. Gabrielson asked for an executive session to discuss modifications to the Program that are premature for public disclosure.

Mr. Mitchell moved to enter into Executive Session to discuss records declared confidential by statute under 1 MRSA §405(6)(F). The motion was seconded by Ms. Mendelson and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session No. 3 at 11:43 a.m.

Members exited Executive Session No. 3 at 11:46 a.m.

Treasurer Hayes moved to approve a Resolution authorizing modifications to the Maine College Savings Program and authorizing the Chief Executive Officer to take such actions necessary to implement such modifications. The motion was seconded by Mr. Mitchell and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-19-17-14

Mr. Pelletier re-entered the meeting at 11:46 a.m.

COMMISSIONERS' & TREASURER'S UPDATES

None

Mr. Pelletier exited the meeting at 11:57 a.m.

Ms. Mendelson exited the meeting at 11:58 a.m.

Ms. Mendelson re-entered the meeting at 12:01 p.m.

E: BOARD EXECUTIVE SESSION

Ms. Walker 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 Vice Chair Violette and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #4 at 12:03 p.m.

Staff except Mr. Wagner exited the meeting.

Mr. Wagner exited the meeting at 12:05 p.m.

Members exited Executive Session #4 at 12:17 p.m.

The meeting adjourned at 12:17 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair