

**MINUTES OF THE JULY 20, 2017 MEETING OF THE MEMBERS  
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the July 20, 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  
James Violette, Jr., Vice Chair  
Richard Roderick, Treasurer  
Jonathan Block  
David Daigler  
Denise Garland for George Gervais  
Terry Hayes  
Larry Mitchell  
Timothy Nightingale  
Rosaire Pelletier  
Christopher Pierce  
Cheri Walker

Those members absent:

James Howard  
Patrick Keliher

Staff present:

Bruce Wagner, Chief Executive Officer  
William Norbert, Governmental Affairs and Communication Manager  
Elizabeth Vanderweide, Business Development and Marketing  
Martha Johnston, Director of Education  
Carlos Mello, Chief Risk Officer  
Katryn Gabrielson, Deputy General Counsel  
Charles Emmons, Director of Commercial Lending  
Scott Weber, Senior Credit Officer  
Jennifer Cummings, Senior Workout Officer  
Shelly Desiderio, Chief Accounting Officer  
Roxanne Broughton, Commercial Loan Officer

Adele Bickford, Executive/Legal Assistant

Guests Present:

Mike Poulin, Catalyst  
Darren Fishell, Bangor Daily News  
Randy Chicoine, Catalyst  
Kris Eimicke, Pierce Atwood

### **A2: Approval of June 15, 2017 Board Meeting Minutes**

Treasurer Hayes noted that the motions for the reports of the Executive Committee, Business and Education Committees should indicate “acceptance” rather than “approval” of the reports as the agenda indicated. The minutes will be amended accordingly.

**A motion was made by Mr. Daigler and seconded by Mr. Pelletier to approve the minutes of the June 15, 2017 Board meeting as amended. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-01**

### **B: CHAIR’S REPORT**

#### **B1: Acceptance of the Report of the Executive Committee Meeting of June 15, 2017**

**A motion was made by Treasurer Roderick and seconded by Treasurer Hayes to accept the Report of the June 15, 2017 Executive Committee meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-02**

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

*Mr. Block exited the meeting for a conflict of interest at 9:12 a.m.*

Although the board was provided a report of the Business Committee Meeting of June 27, 2017 as a handout, Mr. Pierce will give a verbal summary of the meeting to allow members more time to review the report.

Mr. Pierce reported that all members of the committee were in attendance, which was held exclusively for a discussion of Catalyst. Catalyst representatives will be at the August board meeting for discussion, with a vote on the Major Business Expansion (MBE) loan for the project expected in September. The keys issues are: ordering an appraisal for collateral. In order to go into more detail, Mr. Pierce requested that an executive session be called.

**Mr. Nightingale moved to enter into Executive Session to discuss any financial statement or tax return obtained or developed by the Authority in connection with any monitoring or servicing activity by the Authority pertaining to any financial assistance to be provided by or with the assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by**

**Treasurer Roderick and approved by a vote of 11 in favor, 0 opposed and 1 abstention (Jonathan Block).**

*Members entered Executive Session #1 at 9:14 a.m.*

*Members exited Executive Session #1 at 9:27 a.m.*

The report of the Business Committee will come to the board next month for acceptance.

### **B3: Report of the Risk Management & Audit Committee Meeting of June 29, 2017**

*Mr. Block re-entered the meeting at 9:27 a.m.*

Ms. Walker summarized the report of the Risk Management & Audit Committee Meeting of June 29, 2017 and members were provided the full report in their board packets. Committee members reviewed two independent studies: Sage Data Security and M&M Consulting who audited On-Line Answer (OLA). The policies and investment transactions before the board were also reviewed by the committee.

**A motion was made by Ms. Walker and seconded by Mr. Nightingale to accept the Report of the June 29, 2017 Risk Management and Audit Committee meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-15-17-03**

### **CEO's and STAFF REPORT**

#### **C1: CEO Report**

*Mr. Block exited the meeting for a conflict of interest at 10:00 a.m.*

*Mr. Block re-entered the meeting at 10:10 a.m.*

*Treasurer Hayes exited the meeting at 10:11 a.m.*

*Treasurer Hayes re-entered the meeting at 10:13 a.m.*

Before opening up the CEO report for questions, Mr. Wagner advised the board of other items not included in the report. FAME formed an LLC along with the Department of Economic and Community Development (DECD) for EB-5 certification in November 2015. There has been no response to the request to date. EB-5 is a program that allows foreign investors to receive a green card in return for their investment in large U.S. projects. There are currently \$500 to \$600 million in projects that could be considered under the EB-5 program. Staff has held teleconferences with its federal delegation to move acceptance forward. EB-5 is considered a significant new project venture for FAME.

Mr. Wagner reminded members of a previous discussion regarding the board's October off-site visit. The board had considered Downeast as a destination but Mr. Wagner advised that the

Portland area was selected because of the workforce development in the area. It would also afford an opportunity to include people from the Harold Alfond Foundation (HAF) as guest speakers.

Mr. Wagner and Mr. Norbert have been active legislatively, testifying before committees on two bond bills. A proposed \$100 million bond bill would help repay student loan debt for students graduating after 2008 at 15% per year, with a cap of \$250,000. It came out of the Appropriations Committee with an “ought to pass” decision but reduced to \$40 million, which is still meaningful. A second bond that did come out of committee as amended would provide \$30 million to Maine Technical Institute (MTI) for Research and Development. \$10 million will be given to the Small Enterprise Growth Fund (SEGF) for Maine venture capital, providing equity to those companies already investing in R&D and \$10 million to FAME for the Direct Loan program that will allow FAME to increase its dollar amount for direct loans from \$1 million to \$2 million. Another \$5 million will go for buyer research.

Mr. Wagner announced that although Scorecard results are not official until August, it appears that all four goals have been met or surpassed: number of Maine NextGen accounts making additional contributions, lender debt, operating expenses and customer survey.

Mr. Wagner reviewed the approval of the leveraged loan program in which FAME provides 25% loan insurance on loans up to \$10 million; it went to the Risk Management and Audit and Business committees and to the board for approval in January with the rule amendment taking effect in April. FAME will market it and make lenders aware.

Mr. Wagner reported that after the June 9<sup>th</sup> meeting with representatives of the Harold Alfond Foundation and the Alfond Scholarship Foundation (ASF), a process was developed to set a course to coordinate brand management, align strategy and deal with any issues resulting from the process. Another meeting was held July 12<sup>th</sup>.

Mr. Pierce raised a question regarding Catalyst, which required a motion to go into executive session.

**Ms. Walker moved to enter into Executive Session to discuss any financial statement or tax return obtained or developed by the Authority in connection with any monitoring or servicing activity by the Authority pertaining to any financial assistance to be provided by or with the assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Pierce and approved by a vote of 11 in favor, 0 opposed and 1 abstention (Jonathan Block).**

*Members entered Executive Session #2 at 10:00 a.m.*

*Members exited Executive Session #2 at 10:10 a.m.*

### **C1a: Articles of Interest**

Included in board packet.

### **C2a: NextGen Update**

Ms. Johnston reported that there was no update. In order to provide more detail, an executive session was called.

**Ms. Walker 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 Treasurer Roderick 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 #3 at 10:13 a.m.*

*Members exited Executive Session #3 at 10:17 a.m.*

### **C2b: Quarterly Education Update**

*Vice Chair Violette exited the meeting at 10:17 a.m.*

*Vice Chair Violette re-entered the meeting at 10:19 a.m.*

Ms. Johnston advised that she is realigning the Education sub-group for quarterly reporting. She reported FY 17 results for the College Access and Financial Outreach group in the materials provided in the board packet, noting a dip in activity due to the shift in the FAFSA completion date. Ms. Johnston will report on NextGen and education loans in October. She noted that FAME not only met all of its NextGen scorecard goals but also met all of its targeted goals for NextGen.

*Mr. Daigler exited the meeting at 10:22 a.m.*

BREAK: 10:22 a.m. – 10:35 a.m.

### **C3a: RedZone – Lessons Learned**

**Ms. Walker moved to enter into Executive Session in accordance with 10 MRSA 975-A(2)(A), (B), (C) and (E). The motion was seconded by Treasurer Hayes and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session #4 at 10:35 a.m.*

*Members exited Executive Session #4 at 11:10 a.m.*

### **C4a: Rule Change Regarding Conflict of Interest**

Ms. Gabrielson presented for discussion a draft amendment to the policy, and FAME rule regarding gifts. The new language was drafted in response to some board members' concerns for receiving certain compensation or certain services under particular circumstances. Ms. Gabrielson asked for board feedback. Treasurer Roderick stated that it mostly satisfied his concerns, and the consensus of the members was to proceed as drafted.

**D: ACTION ITEMS:**

**D1: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by Community Development Funding XXII, LLC**

*Mr. Block exited the meeting for a conflict of interest at 11:10 a.m.*

*Vice Chair Violette exited the meeting at 11:10 a.m.*

*Vice Chair Violette re-entered the meeting at 11:15 a.m.*

*Mr. Pelletier exited the meeting at 11:17 a.m.*

*Mr. Pelletier re-entered the meeting at 11:18 a.m.*

*Chair Nowak exited the meeting at 11:18 a.m.*

*Chair Nowak re-entered the meeting at 11:20 a.m.*

*Vice Chair Violette exited the meeting at 11:28 a.m.*

*Vice Chair Violette re-entered the meeting at 11:29 a.m.*

*Ms. Walker exited the meeting at 11:38 a.m.*

*Ms. Walker re-entered the meeting 11:40 a.m.*

Ms. Gabrielson stated that there are seven Certification Applications from Community Development Entities (CDE) before the board for approval for the benefit of the Catalyst mill project, through its affiliate Pacific Falcon Corporation. The flowchart and project description contained in the board packet was detailed by Kris Eimicke of Pierce Atwood, representing Catalyst.

Mr. Eimicke introduced Randy Chicoine, Manager of the Rumford mill, and Mike Poulin, Project Manager. Mr. Chicoine provided background information for the mill and advised that the purchase of the tissue machine is essential to keeping the mill viable. He added that the project would preserve 650 jobs and could add an additional 25 people to the workforce. Catalyst spends \$200 million directly to the State of Maine and that is expected to double with the operation of the tissue machine. Mr. Chicoine stated that the project depends on the approval of the NMTC. Catalyst is also seeking federal tax credits and all the tax credit financing is still subject to approval by the Catalyst Board, which was expected to meet shortly.

In order to discuss how tax credits fit into the capital structure, an executive session was requested.

**Mr. Pelletier 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 MRSAS975-A(2)(B). The motion was seconded by Mr. Nightingale and approved by a vote of 10 in favor, 0 opposed and 1 abstention (Jonathan Block).

*Members entered Executive Session #5 at 11:47 a.m.*

*Members exited Executive Session #5 at 12:00 p.m.*

Chair Nowak stated that these applications do not deplete all remaining tax credit allocation and that the Maine tax credits for Catalyst will be taken over a seven year period, with no tax credits for years one and two. Also, Mr. Eimicke named the officers of Pacific Falcon: Om Bhatia, Sean Curran and James Isaac, who are senior management with Catalyst.

**A motion was made by Mr. Pelletier and seconded by Mr. Nightingale to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by Community Development Funding XXII, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).**

**R-07-20-17-04**

**D1a: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by UA Sub-CDE XXV, LLC**

**A motion was made by Mr. Pelletier and seconded by Mr. Mitchell to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by UA Sub-CDE CCV, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).**

**R-07-20-17-05**

**D1b: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by CCM Community Development 70 LLC**

**A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by CCM Community Development 70, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).**

**R-07-20-17-06**

**D1c: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by CCG Sub-CDE 40, LLC**

**A motion was made by Mr. Nightingale and seconded by Mr. Pelletier to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment**

in Pacific Falcon Corporation by CCG Sub-CDE 40, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).

R-07-20-17-07

**D1d: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by Enhanced Capital New Market Development Fund 58, LLC**

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by Enhanced Capital New Market Development Fund 58, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).

R-07-20-17-08

**D1e: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by CIF XIV, LLC**

A motion was made by Mr. Nightingale and seconded by Mr. Mitchell to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by CIF XIV, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).

R-07-20-17-09

**D1f: Maine New Markets Capital Investment Program Certification Application related to proposed \$4,642,546 Investment in Pacific Falcon Corporation by Stonehenge Community Development 124, LLC**

A motion was made by Mr. Pelletier and seconded by Treasurer Roderick to approve Maine New Markets Capital Investment Program certification application for a \$4,642,546.65 investment in Pacific Falcon Corporation by Stonehenge Community Development 124, LLC. The motion was approved by a vote of 9 in favor, 0 opposed and 2 abstentions (Terry Hayes and Jonathan Block).

R-07-20-17-10

**D2: Ratification of Investment Securities for Quarter Ending June 30th**

*Mr. Block re-entered the meeting at 12:12 a.m.*

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

*Vice Chair Violette exited the meeting at 12:12 p.m.*

Ms. Desiderio referred members to the Listing of Purchases and Maturities/Sales/Calls for April 1 to June 30, 2017 in their board packets being presented for ratification.

**A motion was made by Ms. Walker and seconded by Treasurer Hayes to ratify the Investment Securities for Quarter ending June 30, 2017. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-11**

**D3: Approval of Contributions, Sponsorships and Memberships Policy**

*Vice Chair Violette re-entered the meeting at 12:14 p.m.*

Mr. Mello presented the policy, noting that the policy had been reformatted but the content remains unchanged. The policy was presented to the Risk Management and Audit Committee at their June 29, 2017 meeting.

**A motion was made by Mr. Nightingale and seconded by Mr. Block to approve the Contributions, Sponsorships and Memberships Policy. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-12**

**D4: Approval of Procurement Policy**

Mr. Mello presented the policy, noting that the policy had been reformatted but no substantive changes made. The policy is recommended by the Risk Management and Audit Committee.

**A motion was made by Mr. Nightingale and seconded by Mr. Mitchell to approve the Procurement Policy. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-13**

**D5: Approval of Cost Recognition Policy**

This policy was last brought to the board in June 2012. The policy provides the structure by which costs are allocated for the various programs administered by FAME.

**A motion was made by Ms. Walker and seconded by Treasurer Roderick to approve the Cost Recognition Policy. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-14**

**D6: Approval of Cash Management Policy – Federal Programs**

*Mr. Pelletier re-entered the meeting at 12:22 p.m.*

This policy flows from the Cost Recognition Policy and provides for the monitoring and collection of cash and accounts receivable for federal programs in accordance with the Office of Management

and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards.

**A motion was made by Ms. Walker and seconded by Mr. Block to approve Cash Management Policy – Federal Programs. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-15**

**D7: Approval of Revenue Recognition Policy**

The policy ensures that operating revenue and grants are administered in accordance with generally accepted accounting principles and applicable federal and state laws, rules and regulations. The policy outlines how FAME records its grants, allocations and fees that it receives from various sources.

**A motion was made by Mr. Mitchell and seconded by Mr. Block to approve Revenue Recognition Policy. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-07-20-17-16**

**COMMISSIONERS' & TREASURER'S UPDATES**

None.

Mr. Wagner added a housekeeping item to the agenda. He noted that executive sessions should be conducted in accordance with Maine law and FAME will follow protocol when calling for executive session. Chair Nowak stated that the Board Executive Session at the end of the agenda is for a personnel matter. Ms. Gabrielson asked that a specific personnel position be named to which Chair Nowak responded "CEO". She also recommended that the board consider having counsel participate during all executive sessions to provide guidance to members when it is appropriate to be in executive session and what is permissible to discuss while in executive session.

Before going into executive session, Mr. Wagner also informed members of an issue that arose in connection with Greenlight Maine, the televised business plan competition which FAME sponsors and at which FAME staff have participated on the panel of judges. One contestant who did not win felt he was treated unfairly, claiming that the process described and promoted was not aligned with the process utilized.

**E: BOARD EXECUTIVE SESSION**

**Mr. Pelletier 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 was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session #6 at 12:34 p.m.*

Staff, except for Bruce Wagner and Katryn Gabrielson, exited the meeting.

*Members exited Executive Session #6 at 1:15 p.m.*

The meeting adjourned at 1:15 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair