

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

Chair Nowak called the October 19, 2017 meeting of the members of the Finance Authority of Maine to order at 1:00 p.m. at the McKernan Center, Southern Maine Community College, 2 Fort Road, South Portland, 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  
Matthew Colpitts for Treasurer Hayes  
James Howard  
Larry Mitchell  
Christopher Pierce  
Cheri Walker

Those members absent:

George Gervais  
Patrick Keliher  
Timothy Nightingale  
Rosaire Pelletier

Staff present:

Bruce Wagner, Chief Executive Officer  
Christopher Roney, General Counsel  
William Norbert, Governmental Affairs and Communications Manager  
Carlos Mello, Chief Risk Officer  
Katryn Gabrielson, Deputy General Counsel  
Martha Johnston, Director of Education  
Charles Emmons, Director of Commercial Lending  
Lisa Brown, Human Resource Manager  
Shelly Desiderio, Chief Accounting Officer  
Adele Bickford, Executive/Legal Assistant

Guests Present:

None

Chair Nowak explained that the order of the agenda will be changed: the Board Executive Session will be called first to discuss the CEO performance review, followed by minutes and reports, CEO and Staff reports and all Action Items except those pertaining to policy. Chair Nowak noted that the policies that were to be presented need more work for their listing and approach.

### **E: BOARD EXECUTIVE SESSION**

**Mr. Mitchell 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 Mr. Daigler and was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 1 at 1:01 p.m.*

*Members exited Executive Session No. 1 at 2:24 p.m.*

Chair Nowak congratulated Mr. Howard and Mr. Violette for their reappointment to four year terms on the FAME board.

Chair Nowak asked for a motion to approve the CEO review, merit increase and salary adjustment as discussed in Executive Session.

**A motion was made by Mr. Howard and seconded by Mr. Mitchell to approve the CEO review, merit increase and salary adjustment as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-01**

### **A2: Approval of September 21, 2017 Board Meeting Minutes**

**A motion was made by Mr. Mitchell and seconded by Mr. Daigler to approve the minutes of the September 21, 2017 Board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-02**

### **B1: Acceptance of the Report of the Executive Committee Meeting of September 21, 2017**

**A motion was made by Treasurer Roderick and seconded by Ms. Walker to accept the Report of the September 21, 2017 Executive Committee meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-03**

### **Acceptance of the Report of the Executive Committee Meeting of October 11, 2017**

Chair Nowak asked for approval for an item not on the agenda. The Report of the Executive Committee Meeting of October 11, 2017 was provided as a handout.

**A motion was made by Treasurer Roderick and seconded by Ms. Walker to accept the Report of the October 11, 2017 Executive Committee meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-04**

### **B2: Acceptance of the Report of the Risk Management and Audit Committee Meeting of October 5, 2017**

Ms. Walker reported that drafts of the audits of NextGen and FAME were reviewed, as well as the investment transactions for the quarter. The committee conducted their annual review of their charter and heard a presentation from Lee Goldstein regarding FAME's Business Continuity Plan that will be completed in January 2018. Also introduced was a memo prepared by Pension Consulting Alliance relative to FAME's investment strategy, which was found highly conservative with potential for growth without excessive risk. Mr. Mello will continue to explore and bring to the full board.

The board commended the financial staff for the good results from the audits.

**A motion was made by Ms. Walker and seconded by Mr. Daigler to accept the Report of the Risk Management and Audit Committee meeting of October 5, 2017. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-05**

### **B3: Acceptance of the Report of the Business Committee Meeting of October 12, 2017**

Tabled.

*Mr. Block exited the meeting for conflict of interest at 2:31 p.m.*

The report was unavailable. Mr. Pierce briefly summarized the meeting held to discuss Catalyst's MBE request. All members of the committee were present. After a lengthy discussion, members were left with questions that need to be answered before the project comes before the board, which mostly likely will be in the next couple of months.

### **B4: Nominating Committee Update**

*Mr. Block re-entered the meeting at 2:32 p.m.*

Mr. Mitchell presented the slate of officers for 2018: James Violette, Jr. – Chair; Richard Roderick – Vice Chair; and David Daigler, Treasurer. Approval of the slate of officers will take place at the November board meeting.

## **B: CHAIR'S REPORT**

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

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

Mr. Wagner asked for any questions related to the CEO report provided to members in their board packets. Members discussed FAME's health care benefits, which Mr. Wagner noted have gone up by 46% based on employee experience. The issue for FAME is the impact on the 2018 budget and keeping within the 38% of salary guideline. By looking at alternative plans, the cost of health care could be trimmed to 28%. Management will look at the various options next week.

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

Included in board packet.

#### **C1b: Review of the Policy Index**

Tabled.

#### **C1c: Review "draft" of the Board Executive Session Policy**

Tabled.

#### **C2: Education Quarterly Update**

Ms. Johnston reported on items not included in the Quarterly Update contained in the board materials: the success of the live FAFSA events, the link for English Language Learners FAFSA Completions, commercialization of Claim Your Future, exceedance of the NextGen goals for new accounts and contributions (106%), the increase of NextGen assets under management by 26%, and re-doubled efforts to increase the volume in the student loan refinancing program. Lender partners participated in a meeting last week in which Campus Door presented a new platform that pulls in all loans for a student to make consolidation easier and has the capability to provide a student's credit up front to encourage completion. Lenders are being encouraged to engage in more marketing practices. Ms. Johnston informed members that the first awards under the Alford Leadership program have been made and a second cohort will be announced in December.

#### **C2a: NextGen Update**

**Mr. Mitchel 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. Howard and approved by a vote of 8 in favor, 1 opposed (Matthew Colpitts) and 0 abstentions. Chair Nowak did not vote.**

*Members entered Executive Session #2 at 2:50 p.m.*

*Members exited Executive Session #2 at 2:52 p.m.*

**D: ACTION ITEMS:**

**D1: Acceptance and Approval of FAME and NextGen FY2017 Audited Financial Statements**

Ms. Desiderio referred members to the drafts of the FAME and NextGen financial statements in their board packets and asked for questions, noting the successful outcome of both audits. Both Audited Financial Statements were reviewed by the Risk Management and Audit Committee prior to coming to the board.

**A motion was made by Mr. Daigler and seconded by Mr. Mitchell to accept and approve the FY 2017 Audited Financial Statements for the Finance Authority of Maine. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-06**

**A motion was made by Mr. Howard and seconded by Mr. Daigler to accept and approve the FY 2017 Audited Financial Statements for the NextGen College Investing Plan. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-07**

**D2: Adoption of Rule Ch. 326 – Compliance Assistance Loan Program**

Rule Ch. 326, Compliance Assistance Loan Program, is before the board for adoption having gone through the rule approval process. The rule would implement the existing Oil Storage Facility and Tank Loan program, which is out of funds. One written comment was received during the comment period, which clarifies language referencing the Maine Department of Environmental Protection (MDEP) rule and has been incorporated as redlined in Section 6G in the copy before members.

**A motion was made by Ms. Walker and seconded by Mr. Daigler to approve the adoption of Rule Ch. 326, Compliance Assistance Loan Program, as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-08**

**D3: Adoption of Ch. 1, Amendment 6 – Bylaws and Administration of the Finance Authority of Maine**

Tabled.

**D4: Approval of CEO Annual Review Policy**

Tabled.

**D5: Approval of Governance Policy**

Tabled.

**D6: Approval of Conflict of Interest Policy**

Tabled.

**D7: Ratification of Investment Securities (July-September 2017)**

Ms. Desiderio referred members to the Listing of Purchases and Maturities/Sales/Calls for July through September 2017 included in the board packet.

**A motion was made by Ms. Walker and seconded by Treasurer Roderick to ratify the Investment of Securities for July through September 2017 as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-09**

**D8: Approval of Maine College Savings Program Modifications to Cash Allocation Account Agreement**

Ms. Gabrielson advised that Merrill Lynch and BlackRock want to enter into an amendment and restatement of the Cash Allocation Account Agreement whereby the account holdings will not necessarily reflect the Retirement Reserves Money Fund but will consist of the same permitted funds. Because this is not considered a substantive change, it did not go to the Advisory Committee prior to coming to the board, which is customary.

**A motion was made by Mr. Mitchell and seconded by Mr. Howard to approve the Resolution approving 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 approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

**R-10-19-17-10**

**COMMISSIONERS' & TREASURER'S UPDATES**

None

The meeting adjourned at 3:05 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair