

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

Chair Nowak called the July 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  
Cheri Walker, Treasurer  
Jonathan Block (*entered the meeting at 9:05 a.m.*)  
George Gervais (*entered the meeting at 9:10 a.m.*)  
Terry Hayes  
Gregory Miller  
Meredith Mendelson for Patrick Keliher  
Larry Mitchell  
Rosaire Pelletier  
Christopher Pierce  
Richard Roderick  
Susan Snowden

Those members absent:

Reis Hagerman  
James Howard

Staff present:

Bruce Wagner, Chief Executive Officer  
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  
Jennifer Cummings, Senior Workout Officer  
Katrjn Gabrielson, Deputy General Counsel  
Lisa Brown, Human Resource Manager  
William Norbert, Governmental Affairs & Communications Manager  
Scott Weber, Senior Credit Officer  
Jeff Murch, Credit Analyst  
Rita Fournier, Education Programs Manager  
Angela Dostie, NextGen Manager  
Mila Tappan, College Access Counselor and Outreach Manager  
Adele Bickford, Executive/Legal Assistant

Guests Present:

Peter Anania, Anania & Associates Investment Co.  
Peter Farnum, mWave  
Scott Knoll, Anania & Associates Investment Co.

**A2: Approval of June 18, 2015 Board Meeting Minutes**

**A motion was made by Mr. Pelletier and seconded by Mr. Mitchell to approve the minutes of the June 18, 2015 Board meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-07-16-15-01**

**CHAIR'S REPORT**

**B1: Acceptance of the Report of the Business Committee Meeting of June 2, 2015**

**A motion was made by Vice Chair Violette and seconded by Mr. Pierce to accept the Report of the Business Committee Meeting of June 2, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-07-16-15-02**

**B2: Acceptance of the Report of the Education Committee Meeting of June 11, 2015**

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

**R-07-16-15-03**

**B3: Acceptance of the Report of the Business Committee Meeting of June 15, 2015**

**A motion was made by Vice Chair Violette and seconded by Treasurer Walker to accept the Report of the Business Committee Meeting of June 15, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-07-16-15-04**

**B4: Acceptance of the Report of the Executive Committee Meeting of June 18, 2015**

**A motion was made by Mr. Pelletier and seconded by Treasurer Walker to accept the Report of the Executive Committee Meeting of June 18, 2015. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-15-05**

Chair Nowak advised members that Ms. Snowden has agreed to chair the Nominating Committee again this year and he asked for volunteers, one from the Education Committee and one from either the Business or Risk Management and Audit Committee, to serve with Ms. Snowden. Mr. Mitchell from the Education Committee and Treasurer Hayes from the Risk Management and Audit Committee agreed to serve on the Nominating Committee. The slate of officers will be brought to the November Board meeting.

**C: CEO's and STAFF REPORT**

**C1: CEO's Report**

Mr. Wagner advised the Board that the Dupont Safety Training Program has been selected to train staff on safety awareness. He reported that there have not been any safety incidents to date.

**C1a: Articles of Interest**

Mr. Wagner highlighted several articles contained in the board packet: the meeting with Nova Scotia's Minister of Transportation and Governor LePage, which Mr. Wagner attended related to the Nova Star and tourism; the New Markets Tax Credit legislation that was not enacted; filming of Greenlight Maine that is a competition for \$100,000 amongst entrepreneurs; and the MELA merger.

Members discussed the feasibility of amending the Maine New Markets Capital Investment Program rule since proposed legislation eliminating the "one day loan" provision was not enacted. Mr. Wagner stated that a rulemaking change did not come to the Board this month because, technically, the Legislature is in session, and although not likely, could consider the bill today. Commissioner Gervais pointed out that not all one day loans are bad and that, in some cases, the communities do benefit from the funding. There is approximately \$20 million in tax credits still available, and the Board should expect more applications. Members considered their options: to act on each application in light of its public benefit regardless of whether it includes a one day loan transaction or to go forward with rulemaking at the August Board meeting.

Mr. Wagner referred members to an article provided in the packet related to Greenlight Maine. Entrepreneurs compete for \$100,000 by showcasing their business development ideas in Maine. Mr. Wagner was a judge in filming that took place last Tuesday. Segments promoting FAME have already been filmed. The shows will air for 13 weeks on NBC starting September 12<sup>th</sup> at 7:30 pm.

The transition of MELA to FAME is on track. There will be organizational changes as a result of the merger: an addition to staff of customer service and finance personnel, and FAME is in discussions with the MELA Director regarding the continuation of her position. Mr. Wagner invited Board members to the July 29<sup>th</sup> MELA board meeting hosted by FAME. Chair Nowak and Mr. Wagner attended last month's MELA Board meeting. Ms. Johnston added that Ms. Vanderweide will be positioning the MELA product within Maine by taking a unified branding approach to it and FAME's new education refinance loan insurance product. The logistical cutover will take place on December 31, 2015.

FAME has received an additional \$5 million under the Maine State Grant program for this fiscal year, which allows FAME to raise the level of its award from \$1000 to \$1500 per student and to raise the Expected Family Contribution (EFC) level from 4000 to 5000. The colleges and universities have been notified.

Mr. Wagner reviewed the itinerary for the two day off-site Board visit and meeting in October, the theme of which will be the wood products industry.

Mr. Wagner announced that the speaker for FAME's Annual Meeting in November is Dan Harris, ABC news anchor and NY Times best-selling author.

Chair Nowak and Mr. Wagner met with the Governor recently to review FAME's Strategic Plan. Key to the discussion is how FAME will find the capital to grow FAME so that it can do bigger and more relevant deals. FAME is looking at "best practices" in other states. Of concern to the Governor is education and the need to attract talent to Maine.

## **C2: Legislative Update**

The Legislature may adjourn today but because it is in session, the two bills funded by tobacco settlement money relating to a healthy Maine have not been disposed. FAME has received funding from the two voter approved bonds providing \$4 million to the Commercial Loan Insurance Program (CLI) and \$8 million to the Regional Economic Development Revolving Loan Program (REDRLP). A memo describing the session will be presented at the August Board meeting.

Mr. Mello added that as a result of the \$4 million additional funding to CLI, FAME will increase the amount of loan insurance to any one borrower to \$5 million, which received Board support in December.

The Office of Program Evaluation and Government Accountability (OPEGA) is meeting Friday and it is likely that they will be looking at tax expending programs such as the Maine New Markets Capital Investment Program and the Seed Capital Tax Credit Program.

### **C3: Education Quarterly Update**

Ms. Johnston reviewed the Education Quarterly Update provided in the board packet relating to: College Access and Financial Education Outreach, Financial Education, NextGen College Investing Plan®, and Education Programs. She referred members to the Outcomes section for FY 15 iGrad® Financial Education chart, which demonstrates the Financial Literacy team's focus on the knowledge gained from the completed financial literacy lessons. That measure will also be incorporated into the Claim Your Future game results. Ms. Snowden asked about the NextGen account opening rate nationally compared to the industry, which Ms. Johnston indicated is favorable and will be added to future Education division reporting.

FAME is the recipient of an additional \$17,900 in grant funding from the New England Board of Higher Education (NEBHE) and will use the funds to engage a data analyst to review data and develop a Maine State Grant outcome report.

Ms. Johnston asked for member feedback on the format for reports going forward.

### **C4: HR Benefits**

*Treasurer Walker exited the meeting at 10:25 a.m.*

*Treasurer Walker re-entered the meeting at 10:27 a.m.*

*Vice Chair Violette exited the meeting at 10:38 a.m.*

*Vice Chair Violette re-entered the meeting at 10:40 a.m.*

*Commissioner Gervais exited the meeting at 10:45 a.m.*

*Commissioner Gervais re-entered the meeting at 10:51 a.m.*

Ms. Brown reviewed a PowerPoint presentation regarding employee benefits at FAME, which included: Human Resource Role, Benefits Overview, Recruiting, Medical Benefits, Additional Benefits, Wellness Benefits, Performance Management and Organizational Development. Ms. Brown discussed two additional benefit items: The Retirement Savings programs (457b Plan - contributed to by employee only, pre-tax, and SEP IRA - contributed to by the employer only at 8% of salary) and the Incentive Plan by which employees receive ~ 3% if established goals are met. FAME employees have a tiered vacation accrual plan and accrue 8 hours sick time per month.

### **C5: Monthly Update for Board on Lumber, Wood, and Paper Industry**

Mr. Weber reported that insurance exposure is at 84%; last year at this time it was at 90%, a 6% reduction. Mr. Weber responded to a question posed at last month's Board meeting regarding FAME's second largest exposure, which he stated is for eating/drinking places at \$10 million.

**BREAK: 10:59 a.m. – 11:07 a.m.**

**D: ACTION ITEMS**

**D1: mWave Industries, LLC – Request for ERLP Loan**

*Ms. Snowden exited the meeting for conflict of interest at 11:07 a.m.*

*Vice Chair Violette exited the meeting for conflict of interest at 11:07 a.m.*

Mr. Emmons introduced Peter Anania and Scott Knoll of Anania & Associates Investment Company, LLC (AI) and Peter Farnum, CEO of mWave. mWave is requesting a \$100,000 ERLP loan to purchase equipment, inventory, intellectual property and other assets of a formerly Maine based company that will bring business back to Maine. The request is before the Board because of FAME's aggregate relationship with AI totaling more than \$1 million. Staff is recommending approval, with warrants yet to be determined, after Loan Committee considered the transaction to be more equity than loan-like. Mr. Emmons added that Peter Anania has always met his obligations to FAME.

Peter Anania provided a brief overview of mWave's background and described his relationship with FAME through MCL Realty, TrakTek and recently, Elmet Technologies, which is doing well. nWave, with the acquisition of an expanded antenna product line, will focus on developing more niches in the market.

**Mr. Pelletier moved to enter into Executive Session to discuss records for which confidentiality has been requested and disclosure of which the Authority has determined would have a harmful business effect. The motion was seconded by Treasurer Walker and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 1 at 11:18 a.m.*

*Members exited Executive Session No. 1 at 11:27 a.m.*

**A motion was made by Commissioner Gervais and seconded by Mr. Pelletier to approve a resolution authorizing an Economic Recovery Loan Program loan in the amount of \$100,000 to mWave Industries, LLC. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-07-16-15-06**

**COMMISSIONERS' & TREASURER'S UPDATES**

Deputy Commissioner Mendelson reported that the Department of Marine Resources will coordinate with the Department of Economic and Community Development to coordinate which projects to fund as a result of the November, 2014 bond issue.

Commissioner Gervais noted that Michael Hersey replaced Mr. Whitney as the Director of the Office of Business Development and Relations.

Treasurer Hayes advised that the state had a successful bond sale that closed on June 25<sup>th</sup> and the money has been disbursed.

### **OTHER**

At the request of a member, Mr. Wagner asked for an Executive Session to provide an update on Lincoln Paper and Tissue, Inc.

**Mr. Block moved to enter into Executive Session to discuss records for which confidentiality has been requested and disclosure of which the Authority has determined would have a harmful business effect. The motion was seconded by Mr. Mitchell and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 2 at 11:31 a.m.*

*Members exited Executive Session No. 2 at 11:35 a.m.*

Member re-entered Executive Session to discuss Allagash Valve and Controls.

**Commissioner Gervais moved to enter into Executive Session to discuss records for which confidentiality has been requested and disclosure of which the Authority has determined would have a harmful business effect. The motion was seconded by Mr. Miller and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 3 at 11:35 a.m.*

*Members exited Executive Session No. 3 at 11:39 a.m.*

The meeting adjourned at 11:39 a.m.

Respectfully submitted,

James Violette, Jr., Vice Chair