

**MINUTES OF THE OCTOBER 15, 2015 MEETING OF THE MEMBERS  
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the October 15, 2015 meeting of the members of the Finance Authority of Maine to order at 9:06 a.m. at the United Technology Center, 200 Hogan Road, Bangor, 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**

**1: 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  
George Gervais  
Terry Hayes  
James Howard  
Gregory Miller  
Larry Mitchell  
Rosaire Pelletier  
Christopher Pierce  
Richard Roderick

Those members absent:

Jonathan Block  
Reis Hagerman  
Patrick Keliher  
Susan Snowden

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  
Jonathan Harvell, Chief Information Officer  
Charles Emmons, Senior Commercial Loan Officer  
Jennifer Cummings, Senior Workout Officer

Lisa Brown, Human Resource Manager  
William Norbert, Governmental Affairs & Communications Manager  
Scott Weber, Senior Credit Officer  
Shelly Desiderio, Manager of Accounting  
Mila Tappan, College Access and Outreach Manager  
Mary Dyer, Financial Education Officer  
Adele Bickford, Executive/Legal Assistant

Guests Present:

Kristi Carlow, Deputy Treasurer  
Peter Triandafillou  
Robert Robinson, North Atlantic, Inc.  
Robert Burgess, Bangor Savings Bank  
Bill Stride, North Atlantic, Inc.  
Students, United Technology Center (see attached)

### **A2: Approval of September 17, 2015 Board Meeting Minutes**

Chair Nowak asked that the minutes of the September 17, 2015 Board meeting be amended to reflect a change in wording in paragraph 3 of the CEO's Report related to the impact to the 2016 budget. The wording should note that the 2016 Budget will be impacted rather than has been impacted.

**A motion was made by Treasurer Hayes and seconded by Mr. Mitchell to amend the minutes of the September 17, 2015 board meeting to make a correction to the language as presented, and approve the minutes as so amended. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-10-15-15-01**

### **CHAIR'S REPORT**

### **B1: Acceptance of the Report of the Education Committee Meeting of September 3, 2015**

**A motion was made by Mr. Mitchell and seconded by Mr. Roderick to accept the Report of the Education Committee Meeting of September 3, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-10-15-15-02**

### **B2: Acceptance of the Report of the Business Committee Meeting of September 9, 2015**

**A motion was made by Treasurer Walker and seconded by Vice Chair Violette to accept the Report of the Business Committee Meeting of September 9, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-10-15-15-03**

### **B3: Acceptance of the Report of the Executive Committee Meeting of September 17, 2015**

**A motion was made by Treasurer Walker and seconded by Vice Chair Violette to accept the Report of the Executive Committee Meeting of September 17, 2015. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-10-15-15-04**

### **NOMINATING COMMITTEE REPORT**

Mr. Mitchell informed members that the Nominating Committee, consisting of Susan Snowden - Chair, Terry Hayes and himself, met last week. No one from the Board approached the Committee with an interest in any of the executive positions, and the Committee, after reaching out to the incumbents, is proposing a slate of officers as follows: Ray Nowak-Chair, James Violette, Jr.-Vice Chair and Cheri Walker-Treasurer. Election of officers will take place at the November Board Meeting. Mr. Mitchell added that anyone having an interest in becoming an officer should contact one of the members of the Nominating Committee prior to that meeting.

### **C: Peter Triandafillou – Issues Facing the Wood Products Industry**

Mr. Triandafillou is Vice President of Woodlands, Huber Resources Corporation, and manages 600,000 acres of timberlands, 400,000 of which are in Maine, for the Huber family and other clients. In his slide presentation, Mr. Triandafillou spoke of the economic importance of Maine's forest products industry to the State of Maine; what a healthy forest economy looks like, its important characteristics, what they are and what they look like; and the threats and opportunities for the industry.

**BREAK: 10:07 AM – 10:21 AM**

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

#### **D1: CEO's Report**

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

*Vice Chair Violette re-entered the meeting at 10:33 a.m.*

Mr. Wagner referred members to the CEO report in their board packets and highlighted two initiatives: Workforce Development and Capital Formation. He noted that FAME will play an important role in Workforce Development as it builds systems to help encourage students to take programs that target needed skills going forward. FAME is partnering with the Maine State Chamber of Commerce, Maine Development Foundation and Educate Maine in that effort. Another important project is Capital Formation. FAME will be constrained in the number of Commercial Loan Insurance (CLI) loans it can make as it approaches \$150 million in its CLI portfolio. FAME is looking to other means of raising capital, outside of the state allocations, and has received two Requests for Proposal (RFP) to help FAME increase its capital base. Staff will be making a selection shortly to address this critical issue.

Mr. Wagner reminded the Board that the merger of the Maine Education Loan Authority (MELA) and FAME became official today and advised that Shirley Erickson, MELA's Director, will join the FAME staff.

## **D2: Marketing Update**

*Mr. Pelletier exited the meeting at 10:37 a.m.*

*Mr. Pelletier re-entered the meeting at 10:40 a.m.*

Ms. Vanderweide referenced the material in the board packet related to Marketing and Business Development, which lists upcoming events, the implementation of marketing plans to meet strategic goals, and progress on goals for the first quarter FY 2016. She reviewed both specific area events and upcoming events.

Chair Nowak asked for a motion to go into Executive Session to consider a personnel matter. Staff was dismissed with the exception of Mr. Wagner.

**Treasurer Walker moved to enter into Executive Session to discuss a personnel matter. The motion was seconded by Mr. Pelletier and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 1 at 10:52 a.m.*

*Members exited Executive Session No. 1 at 11:20 a.m.*

*Mr. Roney entered the meeting at 11:20 a.m.*

General Counsel offered the reason for entering executive session after a brief discussion with members.

**Treasurer Hayes moved to enter into Executive Session to discuss a matter 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. Pelletier and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 2 at 11:20 a.m.*

*Members exited Executive Session No. 2 at 12:15 p.m.*

**LUNCH BREAK: 12:15 P.M. – 1:29 P.M.**

## **E: ACTION ITEMS**

### **E2: North Atlantic, Inc. – Request for Commercial Loan Insurance – Renewal of Line of Credit**

Mr. Emmons introduced Robert Burgess of Bangor Savings Bank and Robert Robinson (CFO) and Bill Stride (COO) of North Atlantic, Inc. (NAI). The request from the bank is for: renewal of

19.8% insurance of a \$5 million working capital line of credit until May 31, 2016; release of the guarantee of Steward Wooden who has been retired from the company for two years; and a waiver of the maximum debt/tangible net worth covenant, which was not met. NAI has modified its business model. The company harvests sustainable seafood and has stopped its fresh seafood cutting operations in Portland, becoming an international provider of a frozen product. NAI expects to be at breakeven by year's end. Bangor Savings Bank can no longer provide the level of support required, and NAI is transitioning to another bank. The company has acquired an equity partner, Aavishkaar, and Rabo Bank of the Netherlands will be providing a new \$1.5 million line of credit. More detail is provided in the memo to members in the board packet. Staff is recommending approval. Discussion ensued.

The motion before the board as stated by Mr. Roney is to approve the request for the renewal of insurance on terms and conditions set forth in the presentation, based on staff recommendations, including the waiver of covenants and the release of the guarantor.

**A motion was made by Commissioner Gervais and seconded by Mr. Howard to approve the request for Commercial Loan Insurance and renewal of Line of Credit as presented. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-10-15-15-05**

**E1: Approval of Rule Ch. 325, Amendment 3 – Maine New Markets Capital Investment Program**

*Mr. Miller exited the meeting at 1:52 p.m.*

*Mr. Miller re-entered the meeting at 1:58 p.m.*

Mr. Roney presented Rule Ch. 325, Amendment 3, Maine New Markets Capital Investment Program, for adoption. He stated that the body of the rule was unchanged but comments were summarized in the Basis Statement. After reviewing the comments and considering the presentations to the board last month by two potential parties who wish to seek tax credits, the Agency's response is to go forward with the elimination of the eligibility of "one day loan" and other similar transactions currently allowed under the rule for the greater good of the program. It is an integral part of receiving additional funding from the Legislature. Members discussed the possibility of offering a waiver for refinancing and other restrictions. Members also expressed discomfort with the language of the Basis Statement, which resulted in the modification of the wording to the Economic Impact Analysis Statement/Fiscal Impact Note, part B as follows: "It is expected that no one will be adversely affected by the amendments other than parties who would use the program to refinance expenses incurred prior to an eligible investment or in an unintended manner."

The Rule was offered for adoption as presented with the modification as read.

**A motion was made by Mr. Mitchell and seconded by Treasurer Hayes to approve Rule Ch. 325, Amendment 3, Maine New Markets Capital Investment Program as presented with modification. The motion was approved by a vote of 7 in favor, 1 opposed (James Howard) and 3 abstentions (James Violette, Jr., George Gervais and Rosaire Pelletier).**

## **R-10-15-15-06**

### **Additional Agenda Item: MELA Merger Resolution**

*Mr. Violette exited the meeting at 2:29 p.m.*

Mr. Roney introduced two resolutions necessitated by FAME's merger with MELA. They provide for the authorization of certain individuals to be representatives under the Maine Education Loan Authority Indentures of Trust and for the Chief Executive Officer to establish a financial services relationship with Vectra Bank Colorado.

**A motion was made by Mr. Roderick and seconded by Mr. Pelletier to approve the Resolutions authorizing certain employees of the Authority to be authorized representatives under Maine Education Loan Authority Indentures of Trust and authorizing the Chief Executive Officer to establish a financial services relationship with Vectra Bank Colorado as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

## **R-10-15-15-07**

### **E3: Review and Acceptance of FY 2015 FAME and NextGen Annual Financial Statements**

*Mr. Violette re-entered the meeting at 2:35 p.m.*

Treasurer Walker, Chair of the Risk Management and Audit Committee, advised the Board that the audits conducted by Thomas and Thomas for NextGen and Baker Newman and Noyes for FAME, resulted in no adjustments or management letter of issues or concerns. The Committee is recommending approval.

**A motion was made by Treasurer Walker and seconded by Mr. Pelletier to accept the FY 2015 FAME and NextGen Annual Financial Statements as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

## **R-10-15-15-08**

After the vote was taken, Treasurer Hayes indicated that she had voted incorrectly as she thought the voting for FAME and NextGen financials would be done separately. Chair Nowak called for the voting to be done separately.

**A motion was made by Treasurer Walker and seconded by Mr. Pelletier to accept the FY 2015 FAME Annual Financial Statements as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

## **R-10-15-15-09**

**A motion was made by Treasurer Walker and seconded by Mr. Pelletier to accept the FY 2015 NextGen Annual Financial Statements as presented. The motion was approved by a vote of 9 in favor, 0 opposed and 1 abstention (Terry Hayes).**

## **R-10-15-15-10**

The consensus of the Board is to call a Board meeting for an update of the Strategic Plan, which was tabled at this meeting, and to have the CEO, at the same time, invite Merrill Lynch to provide an update to the NextGen Program.

**A motion was made by Treasurer Hayes and seconded by Mr. Howard to schedule a special Board Meeting to include updates to the Strategic Plan and NextGen Program. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

#### **R-10-15-15-11**

October 23, 2015 in the morning is the suggested date of the meeting.

Chair Nowak advised the board that the Executive Committee and Ms. Brown, FAME's Human Resource Manager, will meet following this Board meeting to discuss Mr. Wagner's performance review, which will be brought to the Board in November for their comments.

Members went into executive session for an update regarding a possible business request.

**Commissioner Gervais moved to enter into Executive Session to discuss records obtained prior to receipt of a written application. The motion was seconded by Mr. Pelletier and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 3 at 2:48 p.m.*

*Members exited Executive Session No. 3 at 2:52 p.m.*

Treasurer Hayes requested a list of addresses for the places that were visited by the Board for a note of thanks.

Mr. Wagner extended the Board's thank you to Mr. Miller for providing the venue, tours and for the hospitality of his staff during their visit.

#### **COMMISSIONERS' & TREASURER'S UPDATES**

The meeting adjourned at 3:00 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair