

**MINUTES OF THE DECEMBER 17, 2015 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the December 17, 2015 meeting of the members of the Finance Authority of Maine to order at 9:03 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

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
Reis Hagerman
Terry Hayes
James Howard
Patrick Keliher
Larry Mitchell
Rosaire Pelletier
Christopher Pierce

Those members absent:

Jonathan Block
Gregory Miller
Richard Roderick
Susan Snowden

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Chief Risk Officer
Elizabeth Vanderweide, Director of Business Development and Marketing
Martha Johnston, Director of Education
Jonathan Harvell, Chief Information Officer
Katryn Gabrielson, Deputy General Counsel

Charles Emmons, Senior Commercial Loan Officer
Lisa Brown, Human Resource Manager
Scott Weber, Senior Credit Officer
William Norbert, Governmental Affairs & Communications Manager
John Endicott, Commercial Loan Officer
Roxanne Broughton, Commercial Loan Officer
Sally Garand, Commercial Loan Officer
Matthew Lindquist, Commercial Loan Officer
Jennifer Cummings, Senior Workout Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

Kristi Carlow, Deputy State Treasurer

CHAIR'S REPORT

A2: Approval of November 19, 2015 Board Meeting Minutes

A motion was made by Mr. Pelletier and seconded by Mr. Hagerman to approve the minutes of the November 19, 2015 board meeting.

Chair Nowak noted that neither he nor Vice Chair Violette had been asked for their notes taken during the CEO Evaluation and Election of Officers executive sessions. He asked that the approval of the minutes be tabled until the January board meeting when their notes can be included.

A motion was made by Mr. Pelletier and seconded by Mr. Hagerman to table the approval of the minutes of the November 19, 2015 board meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-12-17-15-01

B1: Acceptance of the Report of the Business Committee Meeting of November 9, 2015

A motion was made by Vice Chair Violette and seconded by Mr. Pierce to accept the Report of the November 9, 2015 Business Committee meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-12-17-15-02

B2: Acceptance of the Report of Executive Committee Meeting of November 19, 2015

A motion was made by Vice Chair Violette and seconded by Treasurer Walker to accept the Report of the November 19, 2015 Executive Committee meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-12-17-15-03

B3: CEO Evaluation

Commissioner Gervais exited the meeting at 10:15 a.m.

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

Staff and guest exited the meeting at 9:10 a.m.

Members entered Executive Session # 1 at 9:10 a.m.

Members exited Executive Session #1 at 10:21 a.m.

C: CEO's and STAFF REPORT

C1: CEO's Report:

Staff and guest re-entered the meeting at 10:25 a.m.

Mr. Wagner reminded members that the Harold Alfond Foundation (HAF) is sponsoring a pizza party to thank FAME staff tomorrow and that the Governor will be attending. Members had previously received an invitation to join the staff and HAF.

Mr. Wagner asked to go into executive session to discuss some future activities expected to come to the board.

Vice Chair Violette moved to enter into Executive Session to discuss a matter for which an application has not been received. The motion was seconded by Mr. Pelletier and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #2 at 10:25 a.m.

Members exited Executive Session #2 at 10:28 a.m.

C1a: Articles of Interest

C1b: NextGen Update

Mr. Hagerman moved to enter into Executive Session to discuss a matter for which confidentiality has been requested, and as to which the Authority finds access to the information by others would result in a business or competitive disadvantage, loss of business or other significant detriment. The motion was seconded by Mr. Mitchell and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #3 at 10:28 a.m.

Members exited Executive Session #3 at 11:05 a.m.

C2: Commercial Loan Portfolio

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

Mr. Weber and Ms. Cummings reviewed the Insurance Portfolio Risk Report as of September 30, 2015 provided in the members' board packets. Charted are: Insurance Portfolio Exposure, Insurance Portfolio Risk Rating Stratification in Dollars and Percentages, Risk Rating Migration, Weighted Average Risk Rating (CLI & ERLP) Migration, Watchdesk Totals as a Percentage of the Portfolio Balance, Insurance Delinquency – over 30 Days, Trend Analysis of Insurance Pay-Outs, Loan Insurance Exposure by Industry, and by Concentration, and CLI Totals Comparison 2016 to 2015 in dollars and number of loans.

C2a: Quarterly Watch Desk Report

Ms. Cummings reviewed the WatchDesk Report, noting that the loans are listed by risk and by highest exposure first and then in descending order. All loans with exposure of \$500,000 or greater were reviewed in detail by the Business Committee at its December 7th meeting. There were no questions from board members.

C2b: Top Ten Relationship Report

Vice Chair Violette exited the meeting for conflict of interest at 11:16 a.m.

Mr. Pelletier exited the meeting at 11:23 a.m.

Mr. Howard exited the meeting at 11:23 a.m.

Mr. Howard re-entered the meeting at 11:25 a.m.

Chair Nowak re-entered the meeting at 11:26 a.m.

Mr. Pelletier re-entered the meeting at 11:28 a.m.

Commissioner Kerihier 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. Howard and approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #4 at 11:17 a.m.

Members exited Executive Session #4 at 11:32 a.m.

C2c: Applications Year to Date

Mr. Weber referred members to the summary of new loans in their board packets. He reported that as of September 30, 2015, there have been 100 new applications in FY 2016: 73 approved, 11 withdrawn, 2 denied and 14 still in process.

C3: Conflict of Interest

Mr. Roney advised that the reading of the Conflict of Interest policy, which is required to come to the board on an annual basis, can be waived.

A motion was made by Vice Chair Violette and seconded by Mr. Howard to waive the reading of the Conflict of Interest policy. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-12-17-15-04

Mr. Roney provided a summary of the policy as it relates to board members. It was noted that a conflict must be disclosed in writing, which has not been done previously. Mr. Roney suggested that an e-mail or written documentation should be used to satisfy this requirement. Further, if a conflict is identified during the course of a meeting, it should be so documented.

C4: Board Committee/Member Assignments

Mr. Wagner asked board members to read the June 19, 2014 memo in their packets related to FAME board committee restructuring, which outlined the roles and responsibilities of each committee, and he will return to it at next month's meeting. He also provided a draft of a proposed format for committee charters for members to discuss before deciding on a formal charter for each committee. He has received some feedback from the Business Committee and Chair. Also provided is an example of a charter for their review. Mr. Wagner charged each committee's staff liaison to draft a charter, bring it to their respective committee and then to the board for approval. He would like consideration of all charters to be done at the February board meeting.

C5: NextGen College Investing Plan® - Maximum Contribution for 2016

Ms. Johnston referred members to the memo in their board packets that determines how the maximum contribution was established for 2016. The maximum contribution will increase from \$400,000 to \$425,000 based on the analysis by staff in partnership with Merrill Lynch. The increase was presented to the Advisory Committee at their November meeting and received their support.

D: EB5 Presentation

Mr. Pelletier exited the meeting at 12:10 p.m.

Mr. Pelletier re-entered the meeting at 12:11 p.m.

As background, Mr. Endicott stated the Legislature directed FAME, the Maine International Trade Center (MITC) and the Department of Economic and Community Development (DECD) to get involved with the creation of EB-5 centers in the private sector several years ago. Although a few were approved, they were all privately organized, and no money for investment was raised. FAME, MITC and DECD recently decided to pursue the creation of their own EB-5 center in Maine. Mr. Endicott referred members to their board packets where he reviewed what an EB-5 center is, the current status of the Joint FAME/MITC application, and a 5 Year Financial Projection. The application was submitted by the December 11th deadline to avoid any rule changes and the

approval process is expected to take between nine and thirteen months, with an upfront expense of \$115,000.

COMMISSIONERS' & TREASURER'S UPDATES

Commissioner Keliher reported that there are two applications for the \$700 million marine bond from the University of New England and the University of Maine, which will be finalized the first of next year.

Treasurer Hayes reported that the cash pool average daily balance is up \$175 million from the same time last year, and has been consistently up this fiscal year.

Treasurer Hayes commented that it is important to have structural clarity going forward in reference to EB-5.

The meeting adjourned at 12:15 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair