

**MINUTES OF THE JANUARY 21, 2016 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the January 21, 2016 meeting of the members of the Finance Authority of Maine to order at 9:08 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
Denise Garland for George Gervais
Terry Hayes
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Richard Roderick
Susan Snowden

Those members absent:

Jonathan Block
Reis Hagerman
Gregory Miller
James Howard
Patrick Keliher

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
Jana McQuilkin, Communications Officer
Eva Giles, College Savings Plan Manager
Adele Bickford, Executive/Legal Assistant

Guests Present:

Carl Flora, Loring Development Authority
Rob Nadeau, Maine Municipal Bond Bank

A modified agenda was provided to members, and Mr. Wagner explained that the modifications include additional reports that require acceptance, a legal matter that will be held in executive session, the inclusion of the Treasurer's Report to allow for discussion of the Maine College Savings Program Work Group and the change in wording to the item referred to as a Personnel Discussion that is now the Board Executive Session, which affords members the opportunity to discuss any issues of the day or concerns.

A2: Approval of November 19, 2015 Board Meeting Minutes

The minutes of the November 19, 2015 were tabled at the previous meeting to complete the executive committee minutes.

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve the minutes of the November 19, 2015 board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-01

A3: Approval of the December 17, 2015 Board Meeting Minutes

A motion was made by Treasurer Hayes and seconded by Mr. Mitchell to approve the minutes of the December 17, 2015 board meeting. The motion was approved by a vote of 8 in favor, 0 opposed and 2 abstentions (Richard Roderick and Susan Snowden).

R-01-21-16-02

CHAIR'S REPORT

B1: Acceptance of amended Report of the Executive Committee Meeting of October 23, 2015

A motion was made by Treasurer Hayes and seconded by Ms. Snowden to accept the amended Report of the October 23, 2015 Executive Committee meeting.

The Executive Session minutes were approved at the November Board meeting, and Mr. Roney went on the record to inform members that he advises against amending previously approved minutes unless there is a clear error. Mr. Wagner stated that he supported the Chair in this instance

because he believes the amendments are faithful to the actual discussion and provide more expansive minutes.

The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-03

B2: Approval of amended Minutes of the Board Meeting of October 23, 2015

Chair Nowak advised that the minutes of the Board Meeting of October 23, 2015 are being amended to capture the extent to which Board members questioned and challenged Merrill Lynch (ML). Mr. Roney and Mr. Wagner reiterated their position regarding amending approved minutes. Mr. Wagner further noted that he supports Mr. Roney in taking a cautious approach.

Mr. Roderick questioned the striking of “as a primary distributor” from the amended minutes. Mr. Roney agreed that ML indicated that they were acting as distributor and that the wording should not be struck.

A motion was made by Mr. Pelletier and seconded by Mr. Roderick to approve the amended minutes of the Board meeting of October 23, 2015 as presented and amended. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-04

B3: Acceptance of corrected Executive Committee Meeting Report of November 19, 2015

Mr. Nowak explained that the Executive Committee meeting report is being corrected to reflect a discussion held by the Executive Committee in executive session in preparation for the CEO’s performance review that was expected to be conducted at the full Board meeting. The CEO performance review was omitted from the meeting.

A motion was made by Vice Chair Violette and seconded by Treasurer Walker to accept the corrected Executive Committee Report of November 19, 2015.

Treasurer Hayes noted that the word “strength” in the first sentence of the report should be “strengthen” and the motion is made to include the correction.

The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-05

B4: Acceptance of the Report of the Business Committee Meeting of December 7, 2015

A motion was made by Treasurer Walker and seconded by Mr. Pierce to accept the Report of the Business Committee Meeting of December 7, 2015. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-06

B5: Acceptance of the Report of the Education Committee Meeting of December 17, 2015

A motion was made by Mr. Mitchell and seconded by Treasurer Walker to accept the Report of the Education Committee Meeting of December 17, 2015.

Treasurer Hayes noted that in the minutes, reference is made to the Plimpton Research report as being attached. The report is not attached and, therefore, that wording should be struck and the report amended to eliminate that wording.

A motion was made by Mr. Mitchell and seconded by Treasurer Hayes to accept the Report of the Education Committee Meeting of December 17, 2015 as amended. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-07

B6: Acceptance of the Report of the Executive Committee Meeting of December 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 December 17, 2015. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-08

C: CEO's and STAFF REPORT

C1: CEO's Report:

Mr. Wagner asked members for any questions or feedback from his CEO Report included in the Board packet. Treasurer Hayes inquired how the recipients of the \$4.0 million for the STEM program will be identified. Mr. Wagner advised that a selection committee will be formed, and FAME will administrate the program, which is meant to attract the best talent to Maine. Treasurer Hayes also asked for an update on the Adaptive Equipment Loan Program (AELP). Mr. Wagner reported that the AELP Board met in the past week, and FAME staff encouraged them to follow through with an RFP to consider an outside alternative servicer. Although that is staff's position, staff is prepared to back them up if that doesn't work.

Mr. Wagner referred members to the section in the CEO Report in their Board packets that is headed **COMMITTEE ACTIVITY** as it relates to the Advisory Committee and the issue raised by the committee: whether the NextGen plan is optimized for the citizens of Maine or all account holders. FAME staff takes the position that it is FAME's mission to operate for the benefit of Maine citizens, which it does by deploying fees from the NextGen plan for matching grants to Maine's NextGen contributors and for supplementing the Maine State Grant Program. Funds provided by Merrill Lynch under the NextGen Program Management Agreement help to fund FAME's outreach and financial literacy programs and marketing. Mr. Wagner stated that FAME's mission is a strategic question, and after providing data and background information, is asking the Board to consider the mission at its February meeting. Treasurer Hayes added that the opinion regarding the mission was not the consensus of the Advisory Committee but an active topic of discussion. The Maine College Savings Program Work Group, as outlined and provided by Treasurer Hayes in the Board packet, includes consideration of the organizational structure, role and

line of responsibility for the Advisory Committee along with those of FAME and the Treasury. Board discussion ensued regarding the structure of the Work Group, whether it is external to FAME in analyzing Maine's 529 plan or if its role is collaborative with the CEO and State Treasurer as co-chairs. Mr. Roney reminded members that they will be provided information related to the structure, use of fees and history before the February meeting when they are asked to sanction a direction for Maine's NextGen plan. Members discussed taking a vote in support of the Work Group and the timing for such a vote, whether to vote now or wait until the February Board meeting.

Mr. Mitchell made a motion in support of the Work Group as proposed. The motion was seconded by Mr. Roderick.

Mr. Wagner felt that the question posed earlier regarding FAME's mission is fundamental and should be considered before giving support to the Work Group. Further discussion about the role of the Work Group concluded with the motion being amended to include wording relative to FAME's CEO providing the resources to support the Work Group.

Vice Chair Violette questioned whether legally the report of the Work Group could go into the public domain before coming to the Board. Mr. Roney provided the legal opinion that he did not believe that it would be considered confidential since some members of the Work Group are outside of government and there is no strictly internal work product exclusion from a government perspective. FAME is statutorily charged with administering the program and the policy around it. In order to move ahead, FAME CEO would provide resources, and questions or concerns from Board members would be funneled through him.

Mr. Mitchell and Mr. Roderick affirmed their motion and second.

A recap of the motion was called for.

A motion is made for the Board to support a proposal provided by the State Treasurer to form a Work Group as described herein and to authorize FAME to provide resources as outlined in the proposal. The motion was approved by a vote of 8 in favor, 0 opposed and 1 abstention (James Violette). Chair Nowak did not vote.

C2: Marketing Update

Vice Chair Violette exited the meeting at 10:22 a.m.

Ms. Snowden exited the meeting at 10:22 a.m.

Vice Chair Violette re-entered the meeting at 10:25 a.m.

Ms. Snowden re-entered the meeting at 10:25 a.m.

Vice Chair Violette exited the meeting at 10:30 a.m.

Treasurer Walker exited the meeting at 10:32 a.m.

Treasurer Walker re-entered the meeting at 10:35 a.m.

Ms. Vanderweide informed members that staff has been working with Ethos to develop a FAME brand to include The Maine Loan resulting from the FAME/MELA merger and the initiation of the Private Education Loan Network. The marketing firm will help FAME reach a broader audience with what it has to offer.

Ms. Vanderweide reviewed the **Business** section of the report, which provides their Second Quarter FY 2016 activities. Ms. McQuilkin outlined the activities and goals of **NextGen** and **Education**, noting that two important aspects of Education's marketing is the development of a video and focus on FAFSA completions. Ms. McQuilkin passed out several brochures related to FAFSA and reminded members of the importance of social media in today's market.

Ms. Vanderweide concluded by reviewing the activities related to **Student Loans** and what the Board could expect to see in Q3.

Mr. Wagner introduced Eva Giles, FAME's newly hired College Savings Plan Manager, who comes to FAME with a wealth of education experience and background.

C3: Maine State Grant Completion Study

Vice Chair Violette re-entered the meeting at 10:39 a.m.

Ms. Johnston referred members to the PowerPoint presentation in their Board packets outlining the Maine State Grant Completion Study. FAME received two grants from the New England Board of Higher Education (NEBHE), which FAME used to commission a study on the graduation rates of Maine State Grant recipients. Ms. Johnston hopes to use the study to set a baseline, treat it as our inaugural report and to continue to do it annually. Ms. Johnston continued to review each slide, advising that the Conclusion & Recommendations of the study, once finalized, will be used to analyze the recommendation based comparatively with the work done with Financial Aid Advisors and the student survey and will make recommended changes to the Program, if needed. Once the study is returned from the proofreader, there will be more details to support today's discussion.

C4: Legislative Update

Mr. Norbert prepared a detailed memo included in the Board packet providing legislative bills of interest to FAME. Chair Nowak asked Mr. Norbert to return to the Board in February. In response to a question regarding the New Markets Tax Credit (NMTC) Program, Mr. Norbert advised that there is no NMTC bill this session and that FAME has been cooperating with the Office of Program Evaluation and Government Accountability (OPEGA) by providing requested information. Mr. Roney added that there is \$55 million in investments and \$21 million in credits remaining that will be reallocated to FAME after the February 22, 2016 deadline.

Mr. Norbert added that Larry Mitchell and Jonathan Block have been re-nominated and their hearings will be held on February 4, 2016.

C5: Legal Matter

Staff was excused from the meeting with the exception of Ms. Johnston, Mr. Roney and Mr. Wagner. Vice Chair Violette will take the minutes.

Treasurer Walker moved to enter into Executive Session to consult with counsel concerning legal rights and duties of the Authority. The motion was seconded by Mr. Roderick and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session at 11:01 a.m.

Members exited Executive Session at 11:38 a.m.

Deputy Commissioner Garland exited the meeting at 11:38 a.m.

Vice Chair Violette exited the meeting at 11:38 a.m.

Mr. Roderick exited the meeting at 11:38 a.m.

D: ACTION ITEMS

D2: Loring Development Authority – Bond Approval Request

Mr. Roderick re-entered the meeting at 11:40 a.m.

Deputy Commissioner Garland re-entered the meeting at 11:41 a.m.

Vice Chair Violette re-entered the meeting at 11:41 a.m.

FAME is being asked to provide a Certificate of Approval for Loring Development Authority (LDA) to finance the design and construction of LDA's water system upgrade to bring it into compliance with federal and state standards for potable water. In order to issue a Certificate of Approval, FAME must, and has determined, a reasonable likelihood of repayment of the debt through the structure of the loan and the pledge of adequate collateral. Staff is recommending approval based on the Conditions of Approval contained in the memo to the Board dated January 13, 2016 in the Board packet.

Mr. Flora provided background information. LDA acquired the former Loring Air Force Base property after it closed in 1994 and has sought other economic uses for the real estate assets. The infrastructure, which was designed for a much larger population, has presented challenges. Without this financing, LDA will not be able to deliver potable water, which could potentially put approximately 800 jobs in jeopardy.

A motion was made by Mr. Pelletier and seconded by Mr. Mitchell to approve the Resolution authorizing the Chief Executive Office to issue a Certificate of Approval for Loring Development Authority of Limestone, Maine. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-09

D1: Approval of Rule Ch. 612, Amendment 3 – Maine Dental Education Loan and Loan Repayment Program

Mr. Pelletier exited the meeting at 11:51 a.m.

Mr. Pelletier re-entered the meeting at 11:53 a.m.

Ms. Gabrielson advised that Rule Ch. 612, Amendment 3 is before them for adoption. It came before the Board in November for approval for rulemaking and no comments have been received. The changes being made by the amendment are listed in the Board packet.

A motion was made by Treasurer Hayes and seconded by Mr. Roderick to approve the adoption of Rule Ch. 612, Amendment 3 – Maine Dental Education Loan and Loan Repayment Program. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-01-21-16-10

E. COMMISSIONERS' & TREASURER'S UPDATES

E1: Maine College Savings Program Work Group

Previously discussed under the CEO's Report.

F: BOARD EXECUTIVE SESSION

After conferring with the Vice Chair and the CEO, Chair Nowak noted that some Board members would be leaving shortly and, since the primary purpose for the item is the CEO's performance review, he opted to postpone the item until more Board members could be present.

The meeting adjourned at 11:55 a.m.

Respectfully submitted,

James Violette, Jr., Vice Chair