

**MINUTES OF THE OCTOBER 20, 2016 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the October 20, 2016 meeting of the members of the Finance Authority of Maine to order at 9:00 a.m. at the University of Southern Maine, Lewiston-Auburn College, 51 Westminster Street, Lewiston, 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
Cheri Walker, Treasurer
George Gervais
Terry Hayes
James Howard
Rosaire Pelletier
Christopher Pierce
Richard Roderick

Those members absent:

Jonathan Block
Reis Hagerman
Larry Mitchell
Patrick Keliher
Gregory Miller
Susan Snowden

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Elizabeth Vanderweide, Business Development and Marketing
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
William Norbert, Governmental Affairs & Communications Manager
Charles Emmons, Senior Commercial Loan Officer
Eva Giles, College Savings Plan Manager
Shelly Desiderio, Chief Accounting Officer

Roxanne Broughton, Commercial Loan Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

Thomas Warren, Husson University
Dan Pittman, Eaton Peabody

Prior to the meeting, Dr. Joyce Gibson, Dean of USM Lewiston-Auburn College (LAC), and two currently enrolled students, Heather Timins and Kate Lydon, addressed the board and staff. LAC, as part of the university system, was established by the community and offers undergraduate and graduate studies. Ms. Timins and Ms. Lydon related their personal educational experiences at the college, emphasizing that the college is very invested in its students and the community.

A2: Approval of September 15, 2016 Board Meeting Minutes

A motion was made by Mr. Pierce and seconded by Treasurer Hayes to approve the minutes of the September 15, 2016 board meeting. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-01

CHAIR'S REPORT

B1: Acceptance of the Report of the Executive Committee Meeting of September 15, 2016

A motion was made by Treasurer Walker and seconded by Vice Chair Violette to accept the Report of the September 15, 2016 Executive Committee meeting. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-02

B2: Acceptance of the Report of the Risk Management and Audit Committee Meeting of September 1, 2016

A motion was made by Treasurer Walker and seconded by Mr. Howard to accept the Report of the Risk Management and Audit Committee meeting of September 1, 2016. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-03

B3: Acceptance of the Report of the Education Committee Meeting of September 8, 2016

A motion was made by Mr. Roderick and seconded by Treasurer Hayes to accept the Report of the Education Committee meeting of September 8, 2016. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-04

B4: Acceptance of the Report of the Business Committee Meeting of September 12, 2016

A motion was made by Mr. Pelletier and seconded by Mr. Pierce to accept the Report of the Business Committee meeting of September 12, 2016. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-05

B5: Acceptance of the Report of the Risk Management and Audit Committee Meeting of October 6, 2016

Commissioner Gervais exited the meeting at 9:05 a.m.

Treasurer Walker asked that the report referring to the NextGen audit be amended to exclude certain wording on an issue. Treasurer Walker noted that this issue was communicated under a separate letter and is consistent with last year's audit. The letters, which are part of required communications related to audit controls, were not included the board packet materials.

A motion was made by Mr. Howard and seconded by Mr. Pelletier to accept the Report of the Risk Management and Audit Committee meeting of October 6, 2016 as amended. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-06

B6: Nominating Committee Update

Commissioner Gervais re-entered the meeting at 9:10 a.m.

In the absence of Mr. Mitchell, the Nominating Committee Chair, Treasurer Walker, after conferring with the committee, announced the 2017 slate of officers: Ray Nowak – Chair, Jay Violette – Vice Chair and Richard Roderick – Treasurer. The nominations will be presented for approval at the November board meeting.

E: BOARD EXECUTIVE SESSION

Mr. Roderick exited the meeting at 9:36 a.m.

Mr. Roderick re-entered the meeting at 9:39 a.m.

Vice Chair Violette exited the meeting at 9:41 a.m.

Vice Chair Violette re-entered the meeting at 9:43 a.m.

Mr. Pelletier exited the meeting at 9:47 a.m.

Mr. Pelletier re-entered the meeting at 10:07 a.m.

Treasurer Hayes moved to enter into Executive Session to discuss personnel matters, specifically the CEO performance review. The motion was seconded by Mr. Howard and approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #1 at 9:11 a.m.

Members exited Executive Session #1 at 10:30 a.m.

Staff exited the meeting.

B7: Acceptance and Approval of CEO Review Policy

Chair Nowak exited the meeting at 10:30 a.m.

Treasurer Walker exited the meeting at 10:30 a.m.

Mr. Pelletier exited the meeting at 10:30 a.m.

After discussion during the CEO Evaluation Review Executive Session, the Executive Committee asked to share their thoughts with members regarding the CEO Review Policy, which requires tabling of this item at this time.

Treasurer Hayes moved to table the Acceptance and Approval of the CEO Review Policy. The motion was seconded by Mr. Howard and approved by a vote of 6 in favor, 0 opposed and 0 abstentions.

R-10-20-16-08

D1: Approval of Bond Resolution – Husson University

Chair Nowak re-entered the meeting at 10:33 a.m.

Treasurer Walker re-entered the meeting at 10:34 a.m.

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

Mr. Pelletier re-entered the meeting at 10:37 a.m.

Mr. Roney introduced Mr. Pittman of Eaton Peabody and Mr. Warren of Husson University. The bond resolution is before the board for approval under the Revenue Obligations Securities Program (ROSP) to refinance a portion of the costs of a new athletic field surface and renovations to a dormitory. The \$4.2 million bond to be issued by FAME does not carry any liability or credit enhancement to FAME.

Mr. Pittman advised that the project financed through Bangor Savings Bank will include the resurfacing of the fields and renovations to Husson's sports complex and, in the first stages, a number of improvements to dormitories on campus.

Mr. Watson explained that the field's surface had exceeded its eight year life expectancy by six years and that it had degraded to the point of being a safety hazard. The renovations to the bathrooms, which were in keeping with students' requests for more private and gender neutral facilities, also provided better utilization of space and expanded capacity. He noted that both projects were completed on schedule and on budget.

Mr. Roderick moved to approve the Resolution authorizing the issuance and sale of up to \$4,200,000 in Revenue Obligation Securities (Husson University Issue, Series 2016) of the Finance Authority of Maine, authorizing and approving the execution and delivery of a loan and security agreement, a tax regulatory agreement and other matters in connection therewith. The motion was seconded by Treasurer Walker and approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-10-20-16-07

C2: Business Update

C2a: Potential MBE Project

Vice Chair Violette re-entered the meeting at 10:48 a.m.

Mr. Howard exited the meeting at 11:15 a.m.

Mr. Howard re-entered the meeting 11:17 a.m.

Treasurer Walker moved to enter into Executive Session to discuss information contained in records of the Authority which are declared confidential by statute. Such records pertain to information submitted to or developed by the Authority in connection with records obtained or developed prior to receipt of a written application for financial assistance from the Authority and for which confidentiality has been requested by the owner or the person to whom it pertains, and as to which the Authority determines that 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. Howard and approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #2 at 10:46 a.m.

Members exited Executive Session #2 at 12:00 p.m.

D: ACTION ITEMS

D2: Ratification of Investment Securities Purchases, Maturities, Calls and Sales Jul-Sep 2016

Vice Chair Violette exited the meeting at 12:01 p.m.

Ms. Desiderio referred members to the Investment Allocations and Rates and the Listing of Purchases and Maturities/Sales/Calls provided in the board materials. She added that the investment securities transactions have been reviewed by the Risk Management and Audit Committee and they are recommending ratification.

Treasurer Walker moved to ratify the Investment Securities Purchases, Maturities, Calls and Sales as presented. The motion was seconded by Mr. Howard and approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-10-20-16-09

D3: Acceptance and Approval of FAME and NextGen FY 2016 Audited Financial Statements

The drafts of the FAME and NextGen FY 2016 Audited Financial Statements are included in the board packet for acceptance and approval. Baker Newman and Noyes auditors spend considerable time testing the calculations related to determining loan losses and consider FAME very conservative in its allowance for loan losses. The drafts were reviewed by the Risk Management and Audit Committee and the Committee is recommending acceptance.

Mr. Howard moved to accept and approve the FAME and NextGen FY 2016 Financial Statements. The motion was seconded by Commissioner Gervais and approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-10-20-16-10

C: CEO's and STAFF REPORT

C1: CEO Report

Vice Chair Violette re-entered the meeting at 12:05 p.m.

The CEO Report is included in the board packet. Mr. Wagner asked members for questions or comments.

Mr. Wagner referred to an Article of Interest related to an Invest in ME 2030 event held in Portland. The event was aimed at increasing the number of families saving for college by 2030. It was supported by schools and Mayor Strimling and received very good media coverage. Ms. Vanderweide, who managed the event, asked board members to suggest opportunities for FAME to get in front of employers and organizations to bring attention to this initiative.

Mr. Wagner provided the names of recently added members to the Advisory Committee on College Savings: Mark Dorsett of Janney Montgomery Scott and Andrew Sawyer of Maine Public Employees Retirement System (PERS). Mr. Hagerman who is on the FAME board is a member of the Advisory Council, which is being considered for disbandment. Treasurer Hayes indicated that the Maine College Savings Program Work Group may recommend continuing the Council as it feels there is value in having board members participating.

The Workforce Coalition has met and conducted a barrier analysis, providing solutions for overcoming barriers. The Coalition has the opportunity to receive a \$100,000 Lumina Grant to further its goal to grow the number of Maine residents with higher education credentials. The next step is to create a Steering Committee to move the initiative forward.

FAME has increased its admin fees for the On Line Answer (OLA) and had concerns for how it would be received. FAME's two largest customers have been accepting of the need for the increases.

C1a: Articles of Interest

C1b: Economic Development Initiative - Whitepaper

Mr. Wagner provided a handout of Maine Business Life Cycle Financing that demonstrates the stages of a company's growth and the available financing options based on risk at the various stages. FAME, Maine Venture Fund and MTI have monthly calls to discuss current deals and how to coordinate. Their collaboration helps to make proposals to the Legislature for more capital. Mr. Wagner emphasized that the handout shows an available program at each phase of a company's growth.

C1c: Annual Meeting Update

Ms. Vanderweide provided an update to the Annual Meeting. She noted that numbers, which are currently lower than last year, usually increase as the meeting gets closer. There are 24 confirmed exhibitors at this point. The Board meeting will be in the afternoon and adjourn prior to the 4:30 p.m. start of Showcase Maine.

C1d: NextGen Update

Vice Chair Violette 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 results 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 7 in favor, 1 opposed (Terry Hayes) and 0 abstentions. Chair Nowak did not vote.

Members entered Executive Session No. 3 at 12:22 p.m.

Members exited Executive Session No. 3 at 12:23 p.m.

COMMISSIONERS' & TREASURER'S UPDATES

None

The meeting adjourned at 12:23 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair