

**MINUTES OF THE NOVEMBER 17, 2016 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the November 17, 2016 meeting of the members of the Finance Authority of Maine to order at 1:00 p.m. at the Holiday Inn By The Bay, 88 Spring Street, Portland, 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 1:02 p.m.)
George Gervais
Reis Hagerman
Terry Hayes
James Howard
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Richard Roderick
Susan Snowden

Those members absent:

Gregory Miller
Patrick Keliher

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Director of Business and Finance
Jonathan Harvell, Chief Information Officer
Martha Johnston, Director of Education
Charles Emmons, Senior Commercial Loan Officer
Lisa Brown, Human Resource Manager
Scott Weber, Senior Credit Officer

Roxanne Broughton, Commercial Loan Officer
Shelly Desiderio, Manager of Accounting and Finance
Eva Giles, College Savings Plan Manager
William Norbert, Governmental Affairs & Communications Manager
Adele Bickford, Executive/Legal Assistant

Guests Present:

Dan Pittman, Eaton Peabody
Don Clara, Martin's Point Health Care
Warren Evans, Martin's Point Health Care

A2: Approval of October 20, 2016 Board Meeting Minutes

Mr. Roney read into the record changes to the minutes: add William Norbert to staff present; modify the guest list to adhere to confidentiality issue; exclude wording under the Report of the Risk Management and Audit Committee meeting, add wording to the motion to enter Executive Session #1 to include "personnel matters, specifically" and change reference to "a" Resolution approving issuance of bonds for Husson University to "the" Resolution as part of the motion.

A motion was made by Mr. Roderick and seconded by Mr. Pelletier to approve the minutes of the October 20, 2016 board meeting as amended. The motion was approved by a vote of 10 in favor, 1 opposed (Terry Hayes) and 2 abstentions (Susan Snowden and Larry Mitchell).

R-11-17-16-01

Chair Nowak reminded members that if they have not completed a Board Evaluation form, to please do so. The form will be re-sent via e-mail.

Nominating Committee Report

Mr. Mitchell introduced the slate of officers for 2017 for board approval: Chair – Raymond Nowak; Vice Chair – James Violette, Jr.; and Treasurer – Richard Roderick.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to approve the slate of officers for 2017 as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 3 abstentions (Raymond Nowak, James Violette, Jr. and Richard Roderick)

R-11-17-16-02

CHAIR'S REPORT

C: CEO's and STAFF REPORT

C1: CEO's Report:

Vice Chair Violette exited the meeting at 1:06 p.m.

Vice Chair Violette re-entered the meeting at 1:14 p.m.

Mr. Wagner reported that the Workforce Coalition, which is focused on raising the number of people in Maine with some higher level of educational credentials, is well along with its strategy efforts and expects to finalize its plan by the end of the year. Mr. Wagner noted that the Coalition is unique in that it recruited people who will be accountable for executing the strategy. He will come back to the Board with their recommendations after they are finalized.

FAME, Maine Technical Institute and the Maine Venture Fund are partnering and meeting with Commissioner Gervais (DECD) and John Butera (Chief Economic Advisor) to provide recommendations to the Governor on ways to grow Maine's economy. The Governor intends to propose a \$50 million bond package in December. The recommendations are outlined in the Board packet. The Governor will choose which are to go forward.

Mr. Wagner asked to go into Executive Session in order to update the Board on a transaction for which no application has been received to date.

Mr. Mitchell 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 Commissioner Gervais and approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #1 at 1:13 p.m.

Members exited Executive Session #1 at 1:16 p.m.

Mr. Block exited the meeting for a conflict of interest at 1:13 p.m.

C1a: Articles of Interest

Included in the Board packet.

C1b: NextGen Update

Mr. Block re-entered the meeting at 1:16 p.m.

Mr. Mitchell 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 result 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 11 in favor, 1 opposed (Terry Hayes) and 0 abstentions. Chair Nowak did not vote.

Members entered Executive Session #2 at 1:17 p.m.

Members exited Executive Session #2 at 1:30 p.m.

C2: Education Update

Ms. Johnston referred members to the Education Quarterly Update in their Board packets, highlighting some of the information regarding FAFSA completions in which Maine is ranked higher than the national average for completions, the success of the Summer Melt program, the launch of the Private Loan Repayment Counseling Tool, support of the Alford Scholarship Foundation website and research project, and loan disbursements and forgiveness.

C2a: NextGen Allocation for Funding of 2017-2018

The Board is being asked to allocate \$1.5 million from FY 2018 NextGen funds to support the Maine State Grant Program. This is \$1 million less than last year's allocation. Normally, the allocation is done in February but the FAFSA can now be completed in October, which is three months earlier than previously. By setting the Estimated Family Contribution (EFC) cut-off now, colleges and universities can project their available financial aid funding and send award letters by the end of the year. These institutions will be made aware that these amounts are preliminary and will not be finalized until the budget is approved by the Legislature in June.

A motion was made by Mr. Howard and seconded by Mr. Hagerman to approve the allocation of \$1.5 million from the FY 18 NextGen College Investing Plan® to supplement the Maine State Grant for need-based students. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-11-17-16-03

C3: Finance Update

C3a: Quarterly Finance Report for September 30th

Chair Nowak exited the meeting at 1:46 p.m.

Ms. Desiderio reviewed the financials as of September 30, 2016, referring members to the information in their packets which compares first quarter results to budget and FY 18 first quarter actuals to first quarter FY 17 actuals. She pointed out that FAME is meeting all of its requirements related to Statistics & Measures.

C3b: Quarterly Contributions, Sponsorships & Donations Report

Ms. Desiderio advised that there is one change to the Contributions, Sponsorships and Donations Report. FAME increased its level of membership to the Maine State Chamber of Commerce with whom FAME is currently partnering for the Workforce Coalition. The change was funded from line 16, Miscellaneous Trade Shows.

C4: Business Update

C4a: CLI Portfolio Snapshot (Sep 30)

Chair Nowak re-entered the meeting at 1:54 p.m.

Mr. Weber reviewed the CLI Snapshot as of September 30, 2016. It was noted that Commercial Loan Exposure (CLI) exposure was down from budget. Mr. Emmons explained that FAME's CLI volume is cyclical, based on the relative health of the economy. Continuing with the review, Mr. Weber noted that Industry Concentration has not changed significantly and that the Risk Rating Average and Distribution has shown an improvement. Also provided are Top Ten Relationships, a listing of Largest Individual Loans and Lender Concentration by exposure and number of loans closed, Delinquency Percentage, Watch Desk Trends, Specific Reserves and Claims.

C4b: Quarterly Activity Report

Mr. Pelletier exited the meeting at 2:01 p.m.

The Quarterly Activity Report provides information related to the number of loans closed for On Line Answer (OA) Loans, CLI "Paper" Loans, and FAME Direct Loans for first quarter FY 18.

C4c: Top Ten Relationships

The Top Ten Relationship Report provides a listing of the top ten lenders and is in order of lender balance: \$1 million or greater; \$500,000 up to \$1 million and less than \$500,000.

BREAK: 2:14 p.m. – 2:25 p.m.

D1: Approval of Bond Resolution – Martin's Point Health Care, Inc. (Revenue Obligation Securities Program)

Mr. Pelletier re-entered the meeting at 2:25 p.m.

Mr. Block exited the meeting for a conflict of interest at 2:25 p.m.

Vice Chair Violette exited the meeting at 2:25 p.m.

Commissioner Gervais exited the meeting at 2:25 p.m.

Mr. Roney provided a memo included in the Board packet seeking approval of a bond resolution for Martin's Point Health Care, Inc. for a Revenue Obligation Securities Program bond in the amount of \$6.7 million to refinance the indebtedness incurred for the construction of a medical office building in Scarborough. There is no credit enhancement from FAME and a public hearing was held and copies of stipulated Findings and a Certificate of Approval are included in the packet. Mr. Roney introduced Dan Pittman of Eaton Peabody, Don Clara and Warren Evans of Martin's Point, who spoke about the project, which will allow them to bring their direct patient care to a facility in Scarborough in addition to the South Portland area they currently serve.

Mr. Roney summarized the Bond Resolution, which authorizes the issuance and sale of up to \$6,700,000 in Revenue Obligation Securities (Martin's Point Health Care, Inc. 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.

A motion was made by Mr. Howard and seconded by Mr. Pelletier to approve the Bond Resolution as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-11-17-16-04

D2: Approval for Rulemaking – Chapter 607, Amendment 10, Access to Medical Education and Health Professions Loan Program

Mr. Block re-entered the meeting at 2:30 p.m.

Vice Chair Violette re-entered the meeting at 2:30 p.m.

Commissioner Gervais re-entered the meeting at 2:30 p.m.

Mr. Norbert advised members that this rule and two others being presented are before members for approval to begin the rule-making process, and the changes are at the recommendation of the Advisory Committee on Medical Education. The Comment period will end in December and the rules will come back to the Board for approval in January. The memos for each rule outline the specific changes to each rule. The three rules all provide for “loan forgiveness upon death or total and permanent disability of the borrower” and the removal of the requirement to file an annual report if you have withdrawn from professional education or reside out of state. Discussion ensued regarding loan forgiveness in the case of death. Ms. Johnston advised members that loan forgiveness in this instance is in line with industry practice and other private and federal programs. Rule Ch. 607, Health Professions Loan Program Rule, pertains to a first program loan prior to 2011. The provisions of the loan were statutorily changed in 2011.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to approve Rule Ch. 607, Amendment 10 for rule-making. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-11-17-16-05

D3: Approval for Rulemaking – Chapter 617, Amendment 1, Health Professions Loan Program

This Rule contains the aforementioned two changes and thirdly, limits to six years the period of post-graduate training for borrowers, a period of time in which there is no repayment or interest accrued.

A motion was made Ms. Snowden and seconded by Mr. Pierce to approve Rule Ch. 617, Amendment 1, Health Professions Loan Program, for rule-making. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-11-17-16-06

D4: Approval for Rulemaking – Chapter 618, Amendment 1, Maine Veterinary Medicine Loan Program

The third rule for approval for rule-making is for veterinary medicine and the amendments are for loan forgiveness upon death or disability and the exclusion of the requirement to file an annual report as previously described.

A motion was made Treasurer Hayes and seconded by Mr. Howard to approve Rule Ch. 618, Amendment 1, Maine Veterinary Medicine Loan Program, for rule-making. The motion was approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

R-11-17-16-07

COMMISSIONERS' & TREASURER'S UPDATES

Treasurer Hayes reported that the Work Group on College Savings held their final meeting this morning and will come to the Board in December to share their recommendations.

E. BOARD EXECUTIVE SESSION

Mr. Pelletier exited the meeting at 2:50 p.m.

Treasurer Roderick moved to enter into Executive Session to discuss personnel matters, specifically the CEO performance review. The motion was seconded by Mr. Pierce and approved by a vote of 13 in favor, 0 opposed and 0 abstentions.

Staff, with the exception of Bruce Wagner, exited the meeting.

Members entered Executive Session #3 at 2:47 p.m.

Members exited Executive Session #3 at 3:05 p.m.

The meeting adjourned at 3:05 p.m.

Respectfully submitted,

James Violette, Jr., Vice Chair