

**MINUTES OF THE FEBRUARY 15, 2018 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the February 15, 2018 meeting of the members of the Finance Authority of Maine to order at 9:10 a.m. at the Finance Authority of Maine, 5 Community Drive, Augusta, Maine.

Chair Violette 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

Before calling roll, Chair Violette thanked Ms. Walker for her service on the Executive Committee. She will no longer be attending meetings.

Chair Violette 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:

James Violette, Jr., Chair
Richard Roderick, Vice Chair
David Daigler, Treasurer
Jonathan Block
Terry Hayes
Patrick Keliher
Larry Mitchell
Timothy Nightingale
Rosaire Pelletier
Christopher Pierce

Those members absent:

George Gervais
James Howard
Raymond Nowak
Cheri Walker

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
Elizabeth Vanderweide, Director of Business Development and Marketing
Martha Johnston, Director of Education
William Norbert, Governmental Affairs and Communications Manager

Charles Emmons, Director of Commercial Lending
Lisa Brown, Human Resource Manager
Scott Weber, Senior Credit Officer
Shelly Desiderio, Chief Accounting Officer
Joshua Dixon, Senior Accountant
Jana McQuilkin, Communications Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

Evan Coleman, Northern Venture Fund

A2: Approval of January 18, 2018 Board Meeting Minutes

A motion was made by Treasurer Daigler and seconded by Treasurer Hayes to approve the minutes of the January 18, 2018 Board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-02-15-18-01

B: CHAIR'S REPORT

B1: Acceptance of the Report of the Executive Committee Meeting of January 18, 2018

A motion was made by Vice Chair Roderick and seconded by Treasurer Daigler to accept the Report of the Executive Committee meeting of January 18, 2018. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-02-15-18-02

B2: Acceptance of the Report of the Risk Management and Audit Committee Meeting of January 25, 2018

A motion was made by Treasurer Daigler and seconded by Vice Chair Roderick to accept the Report of the Risk Management and Audit Committee meeting of January 25, 2018. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-02-15-18-03

B3: Acceptance of the Education Committee Meeting of February 7, 2018

The meeting was cancelled due to inclement weather.

B4: Board Evaluation Tool Results

Members were given time to complete the Board Evaluation Tool.

CEO and STAFF REPORT

C1: CEO Report

Treasurer Hayes exited the meeting at 9:27 a.m.

Treasurer Hayes re-entered the meeting at 9:55 a.m.

Before reviewing the CEO Report with members, Mr. Wagner explained his position regarding Catalyst. In view of the fact that the board agreed not to accept future MBE applications, a position which Mr. Roney stated was technically not legally enforceable, Mr. Wagner would like to approach the company to establish their plans going forward. If the company chooses not to proceed with their MBE application, which Mr. Wagner noted is arduous and difficult, some level of refund would be appropriate, although not obligatory. After discussion, Chair Violette suggested that more time be allowed to pass before the company is approached for a decision on their MBE application.

Mr. Wagner advised the board that Navient, FAME's FFELP portfolio servicer, is assigning its servicing of FAME's portfolio to ECMC and FAME has agreed to the assignment. FAME had previously considered selling its FFELP portfolio to ECMC. Federal regulations and responsibilities make it increasingly more difficult to do cyber security and FAME, now in a more favorable position because of the Navient transfer, may consider selling its FFELP portfolio to ECMC again in the fall.

Mr. Wagner acknowledged Christopher Roney as an honoree of Leaders in Law for his outstanding accomplishments in the legal community. An awards event will be held in March in Boston to recognize him.

C1a: Articles of Interest

Included in board packet.

C2: Legislative Update

Members were referred to a memo outlining pending state legislation. Mr. Norbert provided some detail to two bond bills carried over from the last session. The Commercialization Bond was highlighted by the Governor in his State of the State address. This \$50 million bond would give FAME \$10 million for its Direct Loan Program, the larger share to Maine Technical Institute (MTI) and a smaller amount to the Maine Venture Fund to help companies in their early stages. The Student Debt Relief Bond would provide interest free loans to students who live and work in Maine after attending school here and a lower interest rate to those who study here but go outside the state to live and work. Mr. Norbert also noted that the Taxation Committee approved a statutory change to remove the one day loan from the New Markets Tax Credit (NMTC) program. FAME submitted an 8 Year Report required by its oversight committee, Labor, Commerce, Research and Economic Development (LCRED) and received a strong endorsement from that committee.

C1b: The ‘Why’ of FAME

Mr. Wagner referred members to the Strategic Plan Schedule provided as a handout. The schedule includes dates when Mr. Wagner will update the board during the process. He asked for members to indicate their appetite for a board retreat prior to the April board meeting in which they could review the assessments and goals. The consensus was to proceed to scheduling a strategic board retreat.

As part of the strategic process, FAME’s Brand and Vision statements were reviewed by staff and provided to members as a handout. The reference to “Mainers” was changed to Maine people and “workforce” was added to both statements. Chair Violette encouraged members to participate by attending the retreat.

C1c: Strategic Update

Chair Violette exited the meeting at 10:25 a.m.

Chair Violette re-entered the meeting at 10:28 a.m.

Commissioner Keliher exited meeting at 10:29 a.m.

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

Commissioner Keliher re-entered the meeting at 10:35 a.m.

Mr. Pelletier re-entered the meeting at 10:45 a.m.

FAME’s Strategic Plan is a push/pull strategy in which “FAME will push educational processes to develop the workforce and pull through economic development to create jobs for the workforce”. The Strategic Plan is constructed around two goals: improving customer satisfaction and growing the number of quality, in-state jobs and increase economic development. Each of the accountable persons reported on the progress that has been made in the goals outlined within their responsibility, with more detail provided in the materials in the board packet.

Vice Chair Roderick observed that much of what is presented in the Strategic Plan Update is operational and he would rather that the focus be on the relevant strategic items.

C1d: EB-5 Update

Mr. Wagner advised that FAME has received \$175,000 from the Department of Economic and Community Development (DECD), which will fund John Endicott’s position for EB-5. Mr. Mello will work with the risk element and Mr. Endicott with business development for EB-5. Counsel is in place and a completed financial model will come to the board, mostly probably in April. Currently, there are two projects under consideration.

BREAK: 10:55 A.M. – 11:05 A.M.

C1e: Electronic Board Packet

Mr. Harvell made a presentation to the board regarding electronic board packages. The ensuing discussion, with a concern for security, provided the structure for the electronic packet, which would include: a single PDF, a local work space for annotated copies, an agenda identifying conflict of interest, and a navigational document. Mr. Harvell will contact board members for a count of those wanting a separate device provided by FAME.

D: ACTION ITEMS

D1: Development Fund 55, LLC under the Maine New Markets Capital Investment Program, relating to investment in Northern Farms Advanced Agriculture Facility, Madison, Maine

Mr. Nightingale exited the meeting for a Conflict of Interest at 11:45 a.m.

Chair Violette exited the meeting for a Conflict of Interest at 11:45 a.m.

Mr. Block exited the meeting at 11:45 a.m. for a Conflict of Interest at 11:45 a.m.

Mr. Pelletier exited the meeting at 11:45 a.m.

Mr. Roney introduced Evan Coleman of Northern Venture Fund. Mr. Coleman provided the background for the Certification Application for Northern Farms Advanced Agriculture Facility in Madison, Maine, details of which are in the board packet. The 2.5 acre greenhouse facility will grow strawberries, creating 20 direct jobs and offer a competitive wage scale. The amount of the Tax Credit Certificate indicated in the resolution presented to members for approval was corrected to read \$1,810,593.19.

A motion was made by Mr. Pierce and seconded by Treasurer Daigler to approve a Resolution certifying an investment by UDF NFAAF Leverage Fund, LLC and Others in Urban Development Fund 55, LLC and authorizing issuance of Tax Credit Certificates under the Maine New Markets Capital Investment Program as amended. The motion was approved by a vote of 6 in favor, 0 opposed and 0 abstentions.

R-02-15-18-04

Additional Item: Gift Policy

Mr. Nightingale re-entered the meeting at 12:03 p.m.

Chair Violette re-entered the meeting at 12:03 p.m.

Mr. Block re-entered the meeting at 12:03 p.m.

Mr. Roney provided members with a red-lined and clean version of the Gift Policy, which had been discussed at the Executive Committee meeting that morning and brought forward for full board action as a result of that discussion. Although clarification of the policy and reference was made to “permitted gifts”, Vice Chair Roderick indicated that it did not fully resolve his concern for the policy as it related to professional associations. Approval of this policy was tabled.

C3: Finance Update

C3a: Quarterly Report

Ms. Desiderio reviewed the FY 2018 Financial Statement as of December 31, 2017, noting a \$300,000 loss in the Provisions for Commercial Insured Loan Losses. Also, NextGen program benefits are over budget by \$42,000, resulting from the number of accountholders taking advantage of matching grants. She referred members to the Balance Sheet and Statistics and Measures in which FAME has met all required ratios.

C3b: Scorecard

As reported by Ms. Desiderio, the Scorecard as of December 31, 2017 indicates that NextGen Accounts making contributions are on pace to meet their goal; Lender Debt could be difficult to meet in a good economy; Operating Expenses are expected to meet the goal and results of the Customer Satisfaction survey will not be available until May.

C3c: Quarterly Contributions, Sponsorships & Donations

The report lists all contributions, sponsorships and donations made with the addition of two new contributions/donations: National Association of Corporate Directors (NACD) and the Mitchell Institute, which was the result of the Annual Showcase Maine event speaker's request to donate to his foundation in lieu of payment to him for his speaking engagement.

C3d: Ratification of Investment Purchases

Treasurer Hayes exited the meeting at 12:18 p.m.

Members were provided with a listing of Investment Allocations and Rates and Purchases and Maturities/Sales Calls as of December 31, 2017 and were asked for ratification.

A motion was made by Treasurer Daigler and seconded by Vice Chair Roderick to ratify investment purchases as presented. The motion was approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-02-15-18-05

C4: Education Update

C4a: NextGen Update

Treasurer Daigler 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 Commissioner Keliher and approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #1 at 12:19 p.m.

Members exited Executive Session #1 at 12:23 p.m.

C4b: Advisory Committee Charter

Ms. Johnston advised the board that the changes to the Advisory Committee Charter did not go to the Education Committee before coming to the board due to the storm cancellation of the meeting. Ms. Johnston did note that the Charter was incorporated into the Governance Policy as presented in the board packet. Chair Violette asked for a vote.

A motion was made by Mr. Mitchell and seconded by Vice Chair Roderick to approve the Board Governance Policy as presented. The motion was approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-02-15-18-06

COMMISSIONERS' & TREASURER'S UPDATES

Commissioner Keliher reported that the 2017 Year End Report of the Department of Marine Resources has been finalized and will be available in March. He noted that there has been a decline in the lobster industry, and the industry has been impacted by tariffs. However, he added that the Asian market continues to expand, and the domestic market is not at a saturation point at this time.

E: OPEN TIME FOR UNFINISHED BUSINESS

None

The meeting adjourned at 12:29 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair