

**MINUTES OF THE NOVEMBER 14, 2017 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Nowak called the November 14, 2017 meeting of the members of the Finance Authority of Maine to order at 1:05 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

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
Richard Roderick, Treasurer
Jonathan Block
George Gervais
Treasurer Hayes
James Howard
Meredith Mendelson for Patrick Keliher
Larry Mitchell
Christopher Pierce
Rosaire Pelletier
Cheri Walker

Those members absent:

David Daigler
Timothy Nightingale

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
William Norbert, Governmental Affairs and Communications Manager
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
Katryn Gabrielson, Deputy General Counsel
Martha Johnston, Director of Education
Charles Emmons, Director of Commercial Lending
Scott Weber, Senior Credit Officer
Lisa Brown, Human Resource Manager
Jeff Murch, Credit Analyst

Shelly Desiderio, Chief Accounting Officer
Eva Giles, College Savings Plan Manager
Adele Bickford, Executive/Legal Assistant

Guests Present:

Peter Anania, Anania & Associates Investment Company, LLC
Derek Fox, Elmet Technologies

A2: Approval of October 19, 2017 Board Meeting Minutes

A motion was made by Treasurer Hayes and seconded by Mr. Mitchell to approve the minutes of the October 19, 2017 Board meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 1 abstention (Meredith Mendelson).

R-11-14-17-01

B: BOARD EXECUTIVE SESSION

Ms. Walker moved to enter into Executive Session for discussion or consideration of a personnel matter in which public discussion could reasonably be expected to cause damage to the reputation or the individual's right to privacy would be violated (1 MRSA §405(6)(A). The motion was seconded by Treasurer Roderick and was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

All staff except Mr. Wagner exited the meeting at 1:06 p.m.

Members entered Executive Session No. 1 at 1:06 p.m.

Mr. Wagner exited the meeting at 1:08 p.m.

Members exited Executive Session No. 1 at 1:20 p.m.

A motion was made by Mr. Howard to approve the adjustment to Mr. Wagner's compensation as discussed in Executive Session. The motion was seconded by Treasurer Hayes and approved by a vote of 12 in favor, 0 opposed, and 0 abstentions.

R-11-14-17-02

C: CHAIR'S REPORT

C1: Election of Officers

Mr. Mitchell presented the slate of officers for 2018: James Violette, Jr. – Chair; Richard Roderick – Vice Chair; and David Daigler – Treasurer.

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve the slate of officers as presented. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-14-17-03

Chair Violette thanked Mr. Nowak for his dedication and leadership over the four years he served as chair.

C2: Acceptance of the Report of the Business Committee Meeting of October 12, 2017

A motion was made by Vice Chair Roderick and seconded by Mr. Pelletier to accept the Report of the October 12, 2017 Business Committee meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-14-17-04

C3: Acceptance of the Report of the Education Committee Meeting of October 26, 2017

Mr. Mitchell reported that there were no action items at the meeting in October.

A motion was made by Mr. Mitchell and seconded by Treasurer Hayes to accept the Report of the Education Committee meeting of October 26, 2017. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-14-17-05

CEO's and STAFF REPORT

D1: CEO Report

Included in the board packet.

D1a: Articles of Interest

Mr. Wagner asked if there were any comments or questions regarding the articles included in the board packet.

D1b: Catalyst Update

Mr. Block exited the meeting for a conflict of interest at 1:25 p.m.

Ms. Walker moved to enter into Executive Session to discuss records including financial statement or tax return obtained or developed by the Authority in connection with any monitoring or servicing activity by the Authority pertaining to any financial assistance to be provided by or with assistance of the Authority (10 MRSA §975-A(2)(D). The motion was seconded by Mr. Howard and approved by a vote of 11 in favor, 0 opposed and 1 abstention (Jonathan Block).

Members entered Executive Session #2 at 1:26 p.m.

Members exited Executive Session #2 at 1:55 p.m.

D1c: Electronic Board Packets

Mr. Block re-entered the meeting at 1:55 p.m.

Mr. Wagner asked for feedback from members regarding a change to electronic board packets from the current system of hard copies. Following a discussion it was determined that the ability to annotate, to print in part or in entirety, and security are the important factors to be considered when choosing an electronic version. Mr. Wagner will come back to the board in December with costs and a recommendation.

D2: Education Quarterly Update

D2a: NextGen Update

Mr. Howard 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 Gervais and approved by a vote of 10 in favor, 1 opposed (Terry Hayes) and 1 abstention (Raymond Nowak).

Members entered Executive Session #3 at 2:05 p.m.

Members exited Executive Session #3 at 2:07 p.m.

D2b: Morningstar

FAME's Morningstar ratings did not change despite FAME's efforts through fund managers to increase the number of glide paths, reduce fees, and the fact that underlying funds were performing well and many were metal rated. Mr. Wagner stated that going forward Morningstar will want to see smoother glide paths and will continue to have an interest in reducing fees.

E: ACTION ITEMS:

E2: Approval of Re-advance of FAME Direct Loan – Elmet Technologies

Chair Violette exited the meeting for a conflict of interest at 2:10 p.m.

Mr. Nowak exited the meeting at 2:20 p.m.

Mr. Pelletier exited the meeting at 2:28 p.m.

Mr. Nowak re-entered the meeting at 2:29 p.m.

Chair Violette re-entered the meeting at 2:29 p.m.

Mr. Emmons introduced Peter Anania, one of the company's largest stockholders, and Derek Fox, CFO, of Elmet Technologies. The request is for a re-advance of \$583,000 to the \$1 million direct loan given to the company in 2014. The request includes a waiver of covenant described in the board packet and the continuation of a waiver of personal guaranty. The original \$1 million loan was needed to save the company from liquidation in 2014 and the re-advance is money required to pay current lender by January 30th. FAME is partnering with MTI and the City of Lewiston in the transaction.

Mr. Emmons requested an executive session.

Commissioner Gervais 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 Deputy Commissioner Mendelson and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session #4 at 2:10 p.m.

Members exited Executive Session #4 at 2:29 p.m.

Members were provided a Resolution as a handout.

A motion was made by Commissioner Gervais and seconded by Mr. Block to approve the Resolution authorizing Re-advance of an Economic Recovery Loan up to an Aggregate Principal Amount Outstanding of \$1,000,000 to Elmet Acquisitions, LLC. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-11-14-17-06

E1: Approval for Rule-making – Ch. 611, Maine College Savings Program, Amendment 16

The amendment to Rule Ch. 611, Maine College Savings Program, conforms the rule to a statutory change removing the State Treasurer as Chair of the Advisory Committee on College Savings to a person named by the Chair of FAME's Board of Directors.

A motion was made by Mr. Howard and seconded by Treasurer Hayes to approve Rule Ch. 611, Amendment 16, Maine College Savings Program, for rulemaking. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-11-14-17-07

D3: Finance

D3a: Quarterly Financial Report for Quarter ending September 30th

Ms. Desiderio reviewed the financials provided in the board packet for period ending September 30, 2017. She concluded the review by stating that FAME has met all its ratios and asked for questions. Mr. Wagner responded to a question related to the persistent shortfall in the Maine Private Education Loan Network. He acknowledged its slow start but is optimistic with the addition of Bangor Savings Bank that things will improve. He added that FAME needs to do more to promote the program. As a result of the recent Lender Advisory Committee meeting, the application process will be simplified and will make it easier to work with community banks. It is something that FAME will be aggressively addressing with more marketing efforts.

D3b: Quarterly Contributions, Sponsorships & Memberships Report

Ms. Desiderio referred members to the listing of Contributions, Sponsorships and Memberships in their board packets. There have been no changes or additional sponsorships to report.

Additional board item:

Mr. Pelletier re-entered the meeting at 2:39 p.m.

Chair Violette advised the board that Trump tax changes could potentially impact FAME. Tax exempt Private Activity Bonds for which FAME is the conduit have been eliminated from the House version of the Tax Bill although they remain in the Senate's. Fees generated from Private Activity Bonds amounted to \$250,000 in fees to FAME last year. New Market Tax Credits (NMTC) program would be eliminated in the Bill before the House and Senate. However, Maine NMTC program is not affected and will continue.

Mr. Norbert reported that there are significant changes in the Trump Tax Bill affecting 529 plans: people will be allowed to invest in a 529 for their unborn child and for private and public schools, K-12.

Treasurer Hayes added that there has been some play in the news regarding the issuance of a \$25 - \$40 million General Obligation Bond, the proceeds of which would go to repay student debt. She would like to have a conversation around that as she has not seen any metrics and has some reservations as to whether it is the best use of the funds.

COMMISSIONERS' & TREASURER'S UPDATES

None

The meeting adjourned at 2:49 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair