

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

Chair Violette called the March 15, 2018 meeting of the members of the Finance Authority of Maine to order at 9:05 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

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
David Daigler, Treasurer
Jonathan Block
Terry Hayes
James Howard
Meredith Mendelson for Patrick Keliher
Larry Mitchell
Timothy Nightingale
Cheri Walker

Those members absent:

George Gervais
Raymond Nowak
Rosaire Pelletier
Christopher Pierce
Richard Roderick, Vice Chair

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Chief Risk Officer
Katrjn Gabrielson, Deputy General Counsel
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
Jennifer Cummings, Senior Workout Officer
Sally Garand, Commercial Loan Officer
Ellen Curtiss, Credit Analyst
Adele Bickford, Executive/Legal Assistant

Guests Present:

Todd Zukowski, Camden National Bank
Ben Keeley, Keeley Crane Source
James Keeley, Keeley Crane Source (*via telephone*)
J. B. Turner, Front Street Shipyard
Tuesdi Woodworth, Front Street Shipyard
John Simko, Androscoggin Bank

A2: Approval of February 15, 2018 Board Meeting Minutes

A motion was made by Treasurer Daigler and seconded by Mr. Mitchell to approve the minutes of the February 15, 2018 Board meeting. The motion was approved by a vote of 7 in favor, 0 opposed and 2 abstentions (Meredith Mendelson and Cheri Walker).

R-03-15-18-01

B: CHAIR'S REPORT

B1: Acceptance of the Report of the Executive Committee Meeting of February 15, 2018

A motion was made by Treasurer Daigler and seconded by Chair Violette to accept the Report of the Executive Committee meeting of February 15, 2018. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-03-15-18-02

B2: Acceptance of the Report of the Business Committee Meeting of February 22, 2018

A motion was made by Mr. Howard and seconded by Mr. Mitchell to accept the Report of the Business Committee meeting of February 22, 2018. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-03-15-18-03

B3: Business Committee Charter

Mr. Wagner outlined the changes to the Charter provided in the board packet, noting that the chair of the committee will be appointed by the board chair. Mr. Mitchell added that Membership should read "at least four members" although not indicated in the Charter provided.

A motion was made by Mr. Mitchell and seconded by Treasurer Hayes to approve the Business Committee Charter as amended. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-03-15-18-04

B4: Committee Assignments

A handout was provided listing the new committee assignments. Chair Violette thanked all for agreeing to their new assignments, noting that the rotation of some members is meant to give experience on different committees.

CEO and STAFF REPORT

C1: CEO Report

Mr. Wagner asked members for any comments or question they may have regarding the CEO Report before elaborating on two issues. Saddleback has recently been in the news related to EB-5 and Mr. Wagner clarified that FAME has no involvement with the Saddleback EB-5. Mr. Wagner wanted members to be aware that he and Commissioner Gervais did a media interview to answer some EB-5 questions resulting from the Saddleback publicity. FAME is focusing on compliance and EB-5 will part of an intense discussion at the April 12th Strategic Retreat. FAME is considering an Affiliate model, which is a low risk/low fee model, which most likely would not be in place before fall. The board can expect a formal project presentation outlining risks and benefits before being asked to approve. Secondly, the Joint Standing Committee on Labor, Commerce, Research and Economic Development (LCRED), FAME's Oversight Committee, reported their results. LCRED made minor suggestions to clarify travel and meal policies and commended FAME's format in preparing its reports and suggested other agencies follow the same format.

C1a: Articles of Interest

Included in board packet.

C1c: HAF Strategic Retreat

Ms. Walker exited the meeting at 9:45 a.m.

Ms. Walker re-entered the meeting at 9:50 a.m.

FAME and the Harold Alfond Foundation (HAF) are seeking a "No Action" letter from the Securities and Exchange Commission, which Mr. Wagner considers a breakthrough in the FAME/HAF relationship. The "No Action" letter would allow HAF to solicit for NextGen as FAME currently does. The letter could be nine to twelve months away, and a Brand Management Agreement is a priority.

C1b: April Strategic Update

The intent of the April 12th Strategic Retreat is for a high level discussion around trend analysis. A map of key trends with a backup with more detail will be provided to members a week in advance

of the meeting. Based on the trends, the goals will be developed. Chair Violette suggested that the meeting not be based on presentations but rather on discussion of ideas for the direction of FAME and that the focus be on pillars: Business, Education and Workforce Development. In preparation, members will receive an Environmental Trend Analysis and the 2015-2018 Strategic Plan for reference.

C1d: Electronic Board Package

Mr. Harvell advised that certain board members have been targeted to test the electronic board package prior to releasing it to the full board. There will be a login, ID and password to view the PDF, which will be an indexed PDF of the entire document with individual tabbed sections as well. Members can use their own device or a FAME provided one and are encouraged not to keep the document long term.

C1e: Policy Matrix

Members were provided a listing of all policies approved to date. Mr. Wagner informed the board that the focus will be on Human Resource (HR) policies going forward. Policy will be separated from procedure and HR will have a draft updated book available by June.

C1f: Gift Policy

Tabled.

C2: Legislative Update

Mr. Norbert noted that there is only one month left to this Legislative session. Two bills of interest to FAME are in Appropriations: student loan debt relief of special interest to the Governor and state tax conformity to recent federal tax changes, which impacts NextGen. Also of interest to FAME is the Commercialization bond that would give \$10 million to FAME for Direct loans. Mr. Norbert congratulated Mr. Wagner who was sworn in yesterday. Another bill of interest is in the Judiciary Committee that allows remote participation by boards. Although used rarely, it is an important tool for FAME. Mr. Norbert does not expect the Bill to pass.

C3a: NextGen Update

Ms. Johnston had nothing new to report to the board regarding NextGen.

C4: Business Update

C4a: WatchDesk Report

Chair Violette exited the meeting for a conflict of interest at 10:39 a.m.

Ms. Walker exited the meeting at 10:40 a.m.

Chair Violette re-entered the meeting at 10:41 a.m.

Ms. Walker re-entered the meeting at 10:42 a.m.

Mr. Howard exited the meeting at 10:45 a.m.

Mr. Howard re-entered the meeting at 10:48 a.m.

Mr. Nightingale exited the meeting for a conflict of interest at 10:52 a.m.

Ms. Mendelson exited the meeting at 10:58 a.m.

Mr. Nightingale re-entered the meeting at 11:00 a.m.

Chair Violette exited the meeting for a conflict of interest at 11:00 a.m.

Treasurer Daigler exited the meeting at 11:01 a.m.

Ms. Mendelson re-entered the meeting at 11:01 a.m.

Treasurer Daigler re-entered the meeting at 11:05 a.m.

Chair Violette re-entered the meeting at 11:08 a.m.

Ms. Cummings referred members to the memo in their board materials and to the WatchDesk Report that provides information for the highest risk/highest exposure accounts as of December 31, 2017.

Treasurer Daigler moved to enter into Executive Session to discuss records obtained or developed by the authority in connection with any monitoring or servicing activity by the authority pertaining to any financial assistance provided or to be provided by or with the assistance of the authority (10 MRSA §975-A(2)(D)). 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 10:39 a.m.

Members exited Executive Session #1 at 11:08 p.m.

C4b: Statistical Reports and Updates

Mr. Block exited the meeting at 11:10 a.m.

Mr. Block re-entered the meeting at 11:15 a.m.

Mr. Weber referred members to Snapshots of CLI and Direct loans in their board packets as of December 31, 2017. He noted that there have been a couple of large pay-offs. Of a total CLI portfolio, the restaurant industry within Accommodations and Food Services has the highest concentration of \$11.4 million spread over 112 loans. In further reviewing the snapshots, Mr. Weber noted that Direct Loan exposure has been flat, having closed 8 loans in FY17 as opposed to 9 as of December 31, 2017. However, loan totals are down from \$2.7 as of 12/31/16 to \$1.5 for the same timeframe in 2017.

BREAK: 11:21 A.M - 11:25 A.M.

D: ACTION ITEMS

D1: Keeley Crane Service/Keeley Construction Co., Inc. – Request for Commercial Loan Insurance

Mr. Nightingale exited the meeting for a Conflict of Interest at 11:25 a.m.

Ms. Garand provided an overview: Camden National Bank is requesting Commercial Loan Insurance (CLI) for a \$4.4 term loan at 60% to refinance equipment debt and \$600,000 on a working capital line of credit at 75% CLI. The co-borrowers, Keeley Crane Service and Keeley Construction Co., Inc., are fully collateralized by equipment backed by an appraisal and carry a personal guarantee. Mr. Zukowski of Camden National Bank (CNB) stated that the company recently started a relationship with CNB, which is intended to restructure equipment debt and strengthen the companies' balance sheets. More detail is provided in the board packet. Ben Keeley provided the company background and his plans to grow the company.

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 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 8 in favor, 0 opposed and 1 abstention (Timothy Nightingale).

Members entered Executive Session #2 at 11:40 a.m.

Members exited Executive Session #2 at 12:15 p.m.

Members went into executive session in order to allow Mr. Howard to recap the responses to questions posed by members during the executive session.

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 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 Treasurer Hayes and approved by a vote of 8 in favor, 0 opposed and 1 abstention (Timothy Nightingale).

Members entered Executive Session #3 at 12:15 p.m.

Members exited Executive Session #3 at 12:20 p.m.

Chair Violette reiterated the 4 covenants added in executive session before calling for a vote.

A motion was made by Treasurer Hayes and seconded by Mr. Block to approve two Resolutions as amended by adding the covenants described by Chair Violette: authorizing loan insurance for a \$600,000 Line of Credit for Keeley Crane Service and Keeley Constructions Co., Inc. and authorizing loan insurance for a \$4,400,000 term loan for Keeley Crane Service and Keeley Construction Co., Inc. The motion was approved by a vote of 7 in favor, 0 opposed and 2 abstentions (Timothy Nightingale and James Violette, Jr.).

R-03-15-18-05

Chair Violette explained that by abstaining he is sending a message that a better alternative would have been Mr. Keeley's physical presence at the meeting.

D2: Building 6, LLC – Request for Commercial Loan Insurance

Mr. Nightingale re-entered the meeting at 12:24 p.m.

Chair Violette exited the meeting for a conflict of interest at 12:25 p.m.

Ms. Garand introduced J.B. Turner and Tuesdi Woodworth of Front Street Shipyard and John Simko of Androscoggin Bank. Ms. Garand reminded the board of their approval of two construction loans to Dubba, LLC in August 2017.

Chair Violette re-entered the meeting at 12:26 p.m.

Chair Violette exited the meeting for conflict of interest at 12:27 p.m.

Chair Violette re-entered the meeting to congratulate Mr. Wagner on his recent reappointment as CEO of FAME. Mr. Wagner expected to be called from the board meeting to testify at the Legislature. The board celebrated the occasion with a cake.

Ms. Garand continued. Due to issues in obtaining personal guarantees for those aforementioned loans, a new real estate holding company was established, Building 6, LLC. Because of the delay in closing, construction costs have risen. Changes to the original 2017 application are highlighted in yellow in the board packet. The request before the board is for two construction loans converting to 75% pro rata insurance on a permanent loan, which will have a total FAME exposure of \$1,703,240. Up to 40 jobs will be created. Staff is recommending approval. Androscoggin Bank strongly supports this project.

Members entered executive session to discuss in more detail the release of one of the guarantors.

Ms. Walker 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 8 in favor, 0 opposed and 1 abstention (James Violette, Jr.).

Members entered Executive Session #4 at 12:30 p.m.

Members exited Executive Session #4 at 12:33 p.m.

A motion was made by Ms. Walker and seconded by Deputy Commissioner Mendelson to approve two Resolutions: authorizing loan insurance for a \$2,270,986 term loan for Building 6, LLC and authorizing loan insurance for a \$1,589,690 term loan for Building 6, LLC. The motion was approved by a vote of 8 in favor, 0 opposed and 1 abstention (James Violette, Jr.).

R-03-15-18-06

D3: Maine College Savings Program d/b/a NextGen Modification to Cash Allocation Account Agreement

Chair Violette re-entered the meeting at 12:35 p.m.

Members received a Resolution to modify the NextGen Cash Allocation Account Agreement to adjust compensation between BlackRock and Merrill Lynch as described in the memo to the board in the board packet. FAME staff agreed to the modifications and is recommending approval. The Advisory Committee on College Savings also recommended approval at its February meeting.

A motion was made by Mr. Mitchell and seconded by Ms. Walker to approve a Resolution modifying the Maine College Savings Program and authorizing the Chief Executive Officer to take such actions necessary to implement such modifications. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-03-15-18-07

COMMISSIONERS' & TREASURER'S UPDATES

E: OPEN TIME FOR UNFINISHED BUSINESS

None.

The meeting adjourned at 12:41 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair