

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

Chair Violette called the November 15, 2018 meeting of the Finance Authority of Maine to order at 1:02 p.m. at the Holiday Inn by the Bay, 18 Spring Street, Portland, 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
Richard Roderick, Vice Chair
David Daigler, Treasurer
Jonathan Block
Matthew Colpitts for Teresea Hayes
Denise Garland (*entered the meeting at 1:47 p.m.*)
James Howard
Larry Mitchell
Timothy Nightingale
Rosaire Pelletier
Christopher Pierce
Cheri Walker

Those members absent:

Patrick Keliher
Raymond Nowak

Staff present:

Christopher Roney, General Counsel
Charles Emmons, Director of Commercial Lending
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
Martha Johnston, Director of Education
William Norbert, Governmental Affairs and Communications Manager
Elizabeth Vanderweide, Director of Business Development and Marketing
Lisa Brown, Human Resource Manager
Jennifer Cummings, Senior Workout Officer

Scott Weber, Senior Credit Officer
Shelly Desiderio, Chief Accounting Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

None

E: OPEN TIME FOR UNFINISHED BUSINESS

CEO Performance Review

Members went into Executive Session in order to review CEO performance. Staff was dismissed.

Vice Chair Roderick moved to enter into Executive Session for discussion or consideration of a personnel matter (CEO evaluation) 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 Daigler and was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session No. 1 at 1:03 p.m.

Members exited Executive Session No. 1 at 1:47 p.m.

A2: Approval of October 18, 2018 Board Meeting Minutes

A motion was made by Treasurer Daigler and seconded by Mr. Howard to approve the minutes of the October 18, 2018 Board meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-15-18-01

B: CHAIR'S REPORT

B1: Election of Officers

Mr. Mitchell motioned to approve the slate of officers announced by the Nominating Committee in October consisting of: Chair - James Violette, Jr.; Vice Chair - Richard Roderick and Treasurer - David Daigler.

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

R-11-15-18-02

B2: Acceptance of the Report of the Education Committee Meeting of November 1, 2018

Treasurer Daigler updated the board on the Education Committee meeting of November 1, 2018. Members discussed the Maine Loan and Maine Medical Loan 2019 bond issue; changes to the NextGen 529 Grant terms and conditions, and underwriting changes to Maine Private Education Loan Network. The only action taken was a recommendation to the board to approve the Underwriting Policy – Credit-based Education Loan Programs at the November board meeting.

B3: Acceptance of the Report of the Business Committee Meeting of November 6, 2018

Mr. Emmons reported that the Business Committee discussed raising loan availability to any one borrower to \$7.5 million and increasing lending authority for FAME Commercial Loan Officers, Director of Commercial Lending and the CEO to add speed and ease to the loan process. Also presented was the WatchDesk Report, which is before the full board today.

R-11-15-18-04

C: CEO and STAFF REPORT

C1: CEO Report

Included in board packet.

C1a: Articles of Interest

Included in board packet.

C1b: EB-5 Update

Mr. Mello informed the board the John Endicott has tendered his resignation. The State of Maine EB-5 Regional Center Board is looking at alternatives for replacing him and currently is looking at consultants to do outreach. Mr. Mello will continue in his support on the risk side for EB-5.

Approval of CEO Compensation

Chair Violette asked for a vote regarding CEO compensation resulting from discussion held in executive session for that purpose.

Vice Chair Roderick moved to change the CEO's compensation as discussed and presented in Executive Session. The motion was seconded by Ms. Walker and approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-15-18-03

C2: Finance

C2a: Quarterly Financial Report for Quarter ending September 30th

Ms. Desiderio referred members to the financials in their board packet. She highlighted items from both the 1st quarter of FY 2019 to the prior year and 1st quarter YTD 2019 to budget, with details

provided in the board materials. Also included are the Balance Sheet and listing of investments. She added that Maine Loan disbursements are up over the prior year.

C2b: Quarterly Contributions, Sponsorships & Memberships Report

Ms. Desiderio reported that there were no additions to the Contributions, Sponsorships and Memberships report that were not included in the budget.

C3: Business Update

C3a: WatchDesk Report

Mr. Nightingale exited the meeting for a conflict of interest at 2:20 p.m.

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

The WatchDesk Report was provided to members. Ms. Cummings noted that both the CLI and ERLP portfolio exposures as of September 30, 2018 were up slightly from last quarter.

Members entered Executive Session to discuss a specific exposure.

Vice Chair Roderick moved to enter into Executive Session to discuss records including any 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 provided or to be provided by or with the assistance of the (10 MRSA §975-A(2)(D)). The motion was seconded by Treasurer Daigler and approved by a vote of 11 in favor, 0 opposed and 1 abstention (Timothy Nightingale).

Members entered Executive Session #2 at 2:20 p.m.

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

A listing of the remaining riskier and highest exposure loans was available.

C3b: Statistics

The Snapshots provided were presented in detail to the Business Committee, and Mr. Weber asked for questions by exception. None were heard.

C3c: Loan Policy Limits

Will be discussed in more detail at a future Business Committee before coming to the board.

BREAK: 2:32 p.m. – 2:45 p.m.

C5. NextGen 529™ Terms and Conditions of Maine Grant Programs for 2019

Mr. Block exited the meeting at 2:45 p.m.

Ms. Walker re-entered the meeting after BREAK at 2:46 p.m.

Mr. Block re-entered the meeting at 2:47 p.m.

Ms. Johnston advised that the only changes to the Terms and Conditions of Maine Grant Programs in 2019 are non-substantive and do not require action by the board. All types, amounts and conditions will remain the same for 2019. A question was raised regarding if recent changes to the NextGen K-12 expenditures will apply across state boundaries. Further information regarding other state taxes related to this issue was requested, and Ms. Johnston will have more information at tomorrow's Advisory Committee meeting.

D: ACTION ITEMS

D1: Approval of Underwriting Policy for Credit-based Education Loans

This policy came to the June Education Committee meeting, and staff reached out to lenders to get feedback for the proposed changes. The changes are not as restrictive but are safe from a risk perspective. Exhibit A redlines the proposed changes to the underwriting credit requirements. The Education Committee is recommending approval.

Mr. Howard moved approve the Underwriting Policy for Credit-based Educations Loans as presented. The motion was seconded by Deputy Treasurer Colpitts and approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-11-15-18-04

C: CEO and STAFF REPORT (continued)

C6. Legislation Plan

Mr. Norbert updated the board on the latest development in the federal District 2 Representative race: Jared Golden has won the rank choice voter tabulation. Democrats have the majority in both houses of the Maine legislature. New leaders are being chosen, and FAME will meet with them and our oversight committee members in the coming months. The new Governor will put together her own budget although FAME staff had met with the current state Budget Office. A list of bills were provided to members that must be submitted in final version by the end of November. Mr. Norbert reminded members that the board has several seats to fill, and FAME will encourage Governor Elect Mills to act on them in a timely manner.

C4: Education Business Review

Vice Chair Roderick exited the meeting at 3:37 p.m.

Vice Chair Roderick re-entered the meeting at 3:40 p.m.

Chair Violette exited the meeting at 4:05 p.m.

Deputy Treasurer Colpitts exited the meeting at 4:10 p.m.

Mr. Block exited the meeting at 4:10 p.m.

Treasurer Daigler exited the meeting at 4:10 p.m.

Mr. Howard exited the meeting at 4:12 p.m.

Chair Violette re-entered the meeting at 4:16 p.m.

Mr. Howard re-entered the meeting at 4:16 p.m.

Ms. Johnston referred members to the Education Division Strategic Overview in their packets. Education has four functional program areas: Education Finance, Financial Education, College Access and Financial Education Outreach and College Savings. For this presentation, the Education Finance Programs are broken down into seven product or service areas: Federal Family Education Loan Program, Maine Loan, Maine State Grants, Refinance/Student loan Insurance (R/SLI), Claim Your Future (CYF), College Access and Financial Education Outreach, and NextGen. For each, a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, income summary and strategic issues and next steps were provided. After discussion concerning the Maine Loan Income Summary, it was agreed that more clarity was needed and that it would be better understood in a business format rather than in accounting terms. Ms. Johnston continued her Education Division review but will resume the presentation of the remaining areas at the December board meeting due to time constraints around the Annual Showcase Maine activities.

Mr. Roney asked for general reaction to moving the December regularly scheduled board meeting on December 20th to December 13th in order to accommodate a potential bond closing. An e-mail will go to board members to ascertain a quorum for the December 13th date.

The meeting adjourned at 4:18 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair