

**MINUTES OF THE JANUARY 17, 2019 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the January 17, 2019 meeting of the Finance Authority of Maine to order at 9:02 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
Richard Roderick, Vice Chair
David Daigler, Treasurer
Henry Beck
Heather Johnson
James Howard
Larry Mitchell
Raymond Nowak
Rosaire Pelletier
Christopher Pierce
Cheri Walker

Those members absent:

Jonathan Block
Patrick Keliher
Timothy Nightingale

Staff present:

Bruce Wagner, Chief Financial Officer
Christopher Roney, General Counsel
Katryn Gabrielson, Deputy General Counsel
Charles Emmons, Director of Commercial Lending
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
William Norbert, Governmental Affairs and Communications Manager
Elizabeth Vanderweide, Director of Business Development and Marketing

Lisa Brown, Human Resource Manager
Shirley Erickson, Education Finance Relationship Officer
Mary Dyer, Financial Education Officer
Eva Giles, College Savings Plan Manager
Jennifer Cummings, Senior Workout Officer
Scott Weber, Senior Credit Officer
Shelly Desiderio, Chief Accounting Officer
Adele Bickford, Executive/Legal Assistant

Guests Present:

Judy Plouffe, Bigelow Laboratory for Ocean Sciences

A: CALL TO ORDER

A1: Ascertainment of Quorum

A2: Approval of December 13, 2018 Board Meeting Minutes

A motion was made by Mr. Pelletier and seconded by Mr. Mitchell to approve the minutes of the December 13, 2018 Board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 1 abstention (Raymond Nowak).

R-01-17-19-01

B: CHAIR'S REPORT

B1 Acceptance of the Report of the Executive Committee Meeting of December 13, 2018.

A motion was made by Vice Chair Roderick and seconded by Treasurer Daigler to approve the Report of the Executive Committee Meeting of December 13, 2018. The motion was approved by a vote of 10 in favor, 0 opposed and 1 abstention (Raymond Nowak).

R-01-17-19-02

B2: Board Roundtable

Chair Violette asked that each member and staff present introduce themselves and provide their background for new board members in attendance.

C: CEO and STAFF REPORTS

C1: CEO's Report

Mr. Wagner provided a verbal financial outlook, noting that FAME's financial condition remains good. Revenue has grown by 6% over budget due to new product sales, FFELP, and the fact that Maine Loan revenue is running ahead of budget. Business is on budget. Mr. Wagner reiterated FAME's overall goal, which is to maximize public benefit while breaking even. The one issue of

concern is the provision for loan losses. There are two large commercial loan insurance claims that will be paid out in the next 1-2 months but Mr. Wagner indicated that the deficit may narrow going forward without any other large losses anticipated. A financial review for period ending December 31st will be presented to the board next month.

C1a: Articles of Interest

Mr. Wagner highlighted an article provided to members related to the Maine Seed Capital Tax Credit program administered by FAME. Under this program tax credits are provided to investors in Maine start-ups. This year, the \$5 million cap was fully subscribed within an hour of the opening time for the acceptance of applications, which is on a first come, first served basis. Because of the popularity of this program, it is expected that the Legislature will be asked to increase the cap to \$15 million and adjust tax credits from 50% to 40% in order to better meet demand.

Mr. Wagner reminded members that last year FAME had researched some potential board members to fill seats designated for a CPA, as well as persons knowledgeable in education and natural resources (2). Vice Chair Roderick ideally would continue in his position for a second term. Although FAME makes recommendations, new members are chosen at the discretion of the Governor.

Ms. Dyer updated members on a new Education project, which is being launched to encourage college savings among families with young children. The project will be promoted through the distribution of books. FAME has two key partners: Maine Office of Securities who will provide 50% of the funding and the federal Bureau of Consumer and Financial Protection who will supply publications, in kind support and content for the web page. Members were given a copy of “Those Shoes”, which is the book that will be given to all Maine 2nd graders to encourage children and their families to save for and pursue a credential of value. A handout outlines Project Goals, Background, Brand Positions, Usage and Desired Behavior.

C2: Education Update

Ms. Vanderweide referred members to the materials in their board packets providing the Education Quarterly Update for Quarter 1 of FY 19.

C2a: Maine Loan

Ms. Walker exited the meeting at 9:52 a.m.

Ms. Walker re-entered the meeting at 9:55 a.m.

Treasurer Daigler exited the meeting at 10:08 a.m.

Treasurer Daigler re-entered the meeting at 10:10 a.m.

Vice Chair Roderick exited the meeting at 10:37 a.m.

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

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

A Maine Loan Overview was provided. Ms. Vanderweide reviewed the slides, emphasizing differences between the Maine Loan and Plus Loan: the repayment rate of the Maine Loan is determined by type of repayment plan selected rather than credit score, a fixed rate option is offered, and there are no upfront fees. Mr. Mello reviewed the Maine Loan Operating statement provided to members, noting that the income statement is for operating funds only. The Trust, whose funds are utilized to fund underlying loans, is self-perpetuating. The Trust financials will be reported separately at a later time. Ms. Erickson continued the presentation by highlighting the Challenges and Opportunities facing the Maine Loan, concluding with the “Maine Loan Moving Forward”. Mr. Roney pointed out that there is a national movement for providing tax exempt financing opportunities for refinance of student loans and FAME already has the framework for it through the Maine Loan. Chair Violette asked that an update on the status of the Maine Loan be made at the next Board meeting.

BREAK: 10:47 a.m. – 11:00 a.m.

D: ACTION ITEMS

D1: Approval of Bond Resolution – Bigelow Laboratory for Ocean Sciences (Revenue Obligation Securities Program)

Mr. Pelletier re-entered the meeting at 11:05 a.m.

Ms. Gabrielson advised that a Bond Resolution for a \$13 million Bigelow Laboratory Revenue Obligation Securities Bond is before the board for approval. The bond will be used to refinance remaining debt resulting from the construction of its Center for Ocean Health building, a marine operations building, a research vessel pier and related improvements. The bond does not carry any credit enhancement or liability to FAME. Ms. Gabrielson introduced Judy Plouffe who provided an overview of the project. In 2011 three agencies, MTI, MIST and the National Science Foundation, joined to raise money to build a research lab formally housed in a small building in East Boothbay. The lab does research in such fields as soil, gases, and single cell genomes.

Mr. Nowak moved to approve the Resolution authorizing the issuance and sale of up to \$13,000,000 in Revenue Obligation Securities (Bigelow Laboratory for Ocean Sciences Issue, Series 2019) 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. The motion was seconded by Mr. Howard and approved by a vote of 10 in favor, 0 opposed and 1 abstention (James Violette, Jr.).

R-01-17-19-03

C3: Public Benefit

Mr. Emmons provided a Public Benefit Summary as a handout to members. The summary outlines the means of establishing public benefit by including information about jobs created and retained; employee benefits; Industry/Environment/ and Geography/Community. Staff weighs public benefit against risk. During the ensuing discussion, it was noted that the On Line Answer (OLA)

application process scores public benefit and that paper commercial loan insurance applications go through the same systematic approach to weighing public benefit but does not assign a score. Chair Violette asked that more information related to public benefit measurement be provided to the board in March in the on-going effort for the Board to better understand the process.

D2: FY 2019 Budget Adjustment

Ms. Desiderio is seeking approval to make a budget adjustment to the Claim Your Future Commercialization Program. When the FY 19 budget was prepared and approved, most of the expenses for the program were budgeted for in Professional Fees. For financial reporting purposes, directly related expenses to the production of Claim Your Future kits as well as the hosting of custom websites are netted from Claim Your Future revenue and reflected as Net Claim Your Future contribution. The adjustment would re-allocate amounts budgeted to professional fees for these expenses and transfer them to various accounts such as printing costs of kits. The second adjustment would re-allocate funds budgeted for an independent consultant in Professional Fees to Salaries to reflect the hiring of the consultant as an employee.

A motion was made by Vice Chair Roderick and seconded by Mr. Nowak to approve the budget adjustment as presented. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-01-17-19-04

Bill Titles of Interest – 129th Maine Legislature

Treasurer Beck re-entered the meeting at 11:53 a.m.

Commissioner Johnson re-entered the meeting at 11:55 a.m.

Mr. Norbert provided a memo as a handout listing the Bill Titles of Interest to FAME during the 129th Maine Legislature. There are 47 bills of interest to FAME currently being submitted to legislators, among them: restore and increase 529 tax deductions; student debt forgiveness; and increase Maine State Grant funding.

Merrill Lynch

Ms. Gabrielson reported that a New York resident invested in Maine's 529 plan is suing Merrill Lynch (ML) in Cumberland County Superior Court. ML is seeking to have the litigation moved to federal court. The NY resident invested in the Direct Series on-line and alleges that it was not made clear that he would not be able to take advantage of his state's tax deduction. FAME will be following it closely. There are no other allegations being made.

COMMISSIONERS' AND TREASURER'S UPDATE

A motion was made by Treasurer Daigler and seconded by Vice Chair Roderick to adjourn the meeting.

The meeting adjourned at 12:02 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair