

**MINUTES OF THE JUNE 21, 2018 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the June 21, 2018 meeting of the members of the Finance Authority of Maine to order at 9:07 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
Jonathan Block
Denise Garland
Teresea Hayes
Larry Mitchell
Timothy Nightingale
Raymond Nowak
Rosaire Pelletier
Cheri Walker

Those members absent:

James Howard
Patrick Keliher
Christopher Pierce

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Charles Emmons, Director of Commercial Lending
Carlos Mello, Chief Risk Officer
Elizabeth Vanderweide, Director of Business Development and Marketing
Martha Johnston, Director of Education
William Norbert, Governmental Affairs and Communications Manager
Lisa Brown, Human Resource Manager
Jennifer Cummings, Senior Workout Officer
Sally Garand, Commercial Loan Officer
Shelly Desiderio, Chief Accounting Officer

Joshua Dixon, Senior Accountant
Holley Maffei, Financial Analyst
Adele Bickford, Executive/Legal Assistant

Guests Present:

None

A2: Approval of May 17, 2018 Board Meeting Minutes

Treasurer Hayes noted a typographical error in the first sentence of section C5c in which a word needs to be added and also a change to the wording in the section, COMMISSIONERS' & TREASURER'S UPDATES. Treasurer Hayes presented with the Maine Department of Administrative and Financial Services.

A motion was made by Treasurer Hayes and seconded by Mr. Pelletier to approve the minutes of the May 17, 2018 Board meeting as amended. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-06-21-18-01

B: CHAIR'S REPORT

B1: Acceptance of the Report of Executive Committee Meeting of May 17, 2018

A motion was made by Vice Chair Roderick and seconded by Mr. Nowak to accept the Report of the Executive Committee meeting of May 17, 2018. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-06-21-18-02

B2: Acceptance of the Report of the Education Committee Meeting of June 7, 2018

A motion was made by Treasurer Daigler and seconded by Ms. Walker to accept the Report of the Education Committee meeting of June 7, 2018. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.

R-06-21-18-03

C: CEO and STAFF REPORT

C1: CEO Report

Mr. Wagner reported that the Maine Office of Securities (OOS) has announced their settlement with Merrill Lynch (ML) regarding the NextGen A/C unit issue. There are no fines, and in addition to the remediation to accountholders, Merrill Lynch will provide \$500,000 to OOS to be used for financial education in Maine. Mr. Wagner noted that there are others impacted by this same issue, and announcements will be made in the next couple of months.

Mr. Wagner has been involved with the Alford Scholarship Foundation (ASF) as they go through their strategic process. The plan, which will be presented to their board in July, is ambitious and will require more FAME resources.

FAME has been notified by the Adaptive Equipment Loan Program (AELP) board that it wishes to terminate its agreement with FAME in 30 days, although both parties have agreed that Alpha One, who will take over administration of the program, is not ready and FAME is working with AELP on a month to month basis. FAME is transitioning to Alpha One and has executed Confidentiality Agreements, which allow FAME to begin moving files to them electronically.

The Maine International Trade Center (MITC) has received the endorsement from their board to move forward with EB-5. Mr. Wagner advised that EB-5 will move forward with a modified Sponsorship Agreement from that originally proposed. Initially, one-half of the fee would have been be required upfront and the remaining fee paid after due diligence. To avoid the appearance of giving approval to a project using this method, a Memorandum of Understanding (MOU) will be negotiated before committing to project approval. Projects being assessed now will be considered after the execution of an MOU.

C3a: NextGen Update

The update was provided under the CEO Report.

C1a: Articles of Interest

Included in board packet.

C1b: Customer Satisfaction Survey

The details of the Customer Satisfaction Survey were provided to members in their board materials. Ms. Vanderweide reported that the five year average for overall customer satisfaction is 4.60 on a 5 point scale. The next steps for staff are to look at improvements by individual groups and improvements across all groups. Some themes highlighted are: ease of accessing accounts and their availability directly from the website; communications made clearer and in a format for sharing; ease and speed of business transactions; and additional work on the value proposition of Student Loan Insurance (SLI) and Refinanced Student Loan Insurance (RSLI) loans.

C2: LEGISLATIVE UPDATE

The Legislature is in its third day of its Special Session to consider tax conformity, supplemental appropriations and a host of bills and bonds. Mr. Norbert expects that the tax conformity bill, which impacts recent changes to NextGen, will most likely pass as will transportation bonds and funding for the university system, community colleges and Maine Maritime. However, bonds for student loan debt and commercialization, which would have provided \$10 million to FAME's Direct Loan program did not make the cut. There are many bills that will not be approved, and Mr. Norbert will update his previous memo regarding their status.

C1c: Strategic Plan Update

Members were provided a handout outlining the Strategic Plan to date, noting that work remains to be done. After discussion related to the Brand and Vision Statements, members proposed including a reference to “workforce” as well as good paying jobs as being more descriptive of FAME’s goals.

Mr. Wagner referred members to the high level goals for Education and Business. Ms. Johnston provided more detail to the Education goal: “Help create the workforce of the future by increasing the number of Maine residents who can afford credentials of value” and to topics of Education Critical Success Factors, One-Stop Student Financial Aid Resource, Expand Financial Education Programs, and Increase Education Savings Rates.

BREAK: 10:24 AM – 10:34 AM

Mr. Nowak exited the meeting at 10:24 a.m.

Mr. Mello expanded on the Business goal: “Help Maine businesses grow, create and retain jobs by taking managed risk to leverage capital”. FAME currently has approximately \$35 million in reserves, leveraging \$1.2 billion in loans over time and supporting 100,000 jobs; at present there is \$115 million in exposure outstanding in Commercial Loan Insurance, leveraging \$220 million in loans. FAME has had \$85 million in Direct revolving loans over time. The Direct loan program (formerly ERLP) received \$20 million initially from the state 20 years ago and, over time, has supported 25,000 jobs. Mr. Mello elaborated on the topics of Business Critical Success Factors, Build and Leverage Capital Reserves, New Products and Services, Enhance Speed and Ease of Approval Process, and Expand lender Relationships.

Mr. Wagner will incorporate some of the feedback from members and a final presentation will be made to the board in July.

D: ACTION ITEMS

D1: Approval of FY 19 Budget

Mr. Pelletier exited the meeting at 11:05 a.m.

Mr. Pelletier re-entered the meeting at 11:17 a.m.

Vice Chair Roderick exited the meeting at 11:17 a.m.

Chair Violette exited the meeting at 11:18 a.m.

Vice Chair Roderick re-entered the meeting at 11:19 a.m.

Chair Violette re-entered the meeting at 11:20 a.m.

Ms. Walker exited the meeting at 11:21 a.m.

Mr. Walker re-entered the meeting at 11:23 a.m.

Treasurer Hayes exited the meeting at 11:50 a.m.

Mr. Block exited the meeting at 12:00 p.m.

Mr. Wagner reported that FAME attempts to maintain a breakeven budget. This year excess revenue/deficit is down to approximately \$100,000. FAME will finish the year with a breakeven budget while maximizing the value delivered to Mainers in terms of its mission. Ms. Desiderio reviewed the Bridging Statement comparing FY 18 Forecast to FY 18 Budget. Ms. Johnston gave further detail to the NextGen Program Benefits section. The Fiduciary policy shared by Education and Finance as it relates to NextGen reserves states: “The target reserve amount (year-end excess cash position) shall be equal to between one half to one times the highest annual expenditure for Program Benefits over the preceding three years”. That was put in place initially to pay down the reserves and at the same to afford sustainability. Ms. Johnston stated that the current benefits cannot be sustained and will need to be modified by 2020. The Education and Risk Management and Audit committees will meet at the end of the month to review the policy. Ms. Desiderio continued to review the budget materials, referring members to the individual financial statements for all programs, the Capital Budget, Contributions, Sponsorships & Memberships Justification Statement, Professional fees, Fund Balance Projections, and historical information for Business, Education, Operating Expenses and Non-Operating Expenses..

A motion was made by Ms. Walker and seconded Vice Chair Roderick to approve the FY 19 Budget as presented. The motion was approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-06-21-18-04

E: OPEN TIME FOR UNFINISHED BUSINESS

None.

The meeting adjourned at 12:13 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair