

**MINUTES OF THE SEPTEMBER 20, 2018 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the September 20, 2018 meeting of the Finance Authority of Maine to order at 9:10 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
Teresea Hayes
James Howard
Larry Mitchell
Raymond Nowak
Rosaire Pelletier
Christopher Pierce
Cheri Walker

Those members absent:

Jonathan Block
Denise Garland
Patrick Keliher
Timothy Nightingale

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Charles Emmons, Director of Commercial Lending
Carlos Mello, Chief Risk Officer
Martha Johnston, Director of Education
Katryn Gabrielson, Deputy General Counsel
Scott Weber, Senior Credit Officer
Elizabeth Vanderweide, Director of Business Development and Marketing
Lisa Brown, Human Resource Manager

Eva Giles, College Savings Plan Manager
Shelly Desiderio, Chief Accounting Officer
Jana McQuilkin, Communications Officer
Holly Maffei, Financial Analyst
Adele Bickford, Executive/Legal Assistant

Guests Present:

None

A2: Approval of August 16, 2018 Board Meeting Minutes

A motion was made by Treasurer Daigler and seconded by Mr. Pelletier to approve the minutes of the August 16, 2018 Board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-09-20-18-01

B: CHAIR'S REPORT

B1: Acceptance of the Report of Executive Committee Meeting of August 16, 2018

A motion was made by Vice Chair Roderick and seconded by Mr. Howard to accept the Report of the Executive Committee meeting of August 16, 2018. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

R-09-20-18-02

C: CEO and STAFF REPORT

C1a: NextGen Marketing Plan

Chair Violette exited the meeting at 9:40 a.m.

Chair Violette re-entered the meeting at 10:08 a.m.

Mr. Pelletier exited the meeting at 10:14 a.m.

Mr. Pelletier re-entered the meeting at 10:15 a.m.

Mr. Wagner reported recently reached NextGen milestones: > \$10 billion in assets under management and > \$1 billion in annual contributions for the first time in our history. They drive fee revenue, which is re-deployed back to Maine and help Maine residents afford credentials of value.

Ms. McQuilkin related the NextGen annual marketing goals to: increase new accounts from 5,000 to 6,000, which anticipates an additional 1,000 will be seeded by an Alford Grant; increase contributing accounts from 23,500 to 26,000; and attain 3000 additional accounts using auto-funding. Discussion ensued regarding the Alford Universal Grant vs. FAME's NextStep matching

grants. The challenge is to have Maine residents set up NextGen accounts utilizing the Alford Universal grant funds that reside in an omnibus account with Merrill Lynch. NextStep Matching grants are funded by the Maine administration fee paid by accountholders nationwide and rebated to Maine accounts.

There is confusion surrounding the Alford grant that puts \$500 into a universal account for education after high school for every Maine baby born after a certain date. These funds reside in one master holding account for all recipients. Additional contributions cannot be made to this account and the funds can only be used for higher education. On the other hand, a NextGen account allows additional contributions and those funds, excluding the Alford and matching grants, can be used for higher education and for the education of students K through 12, both public and private. Surveys show that families are confused, thinking that if they have been identified as an Alford Grant recipient, they have a college savings account. This creates challenges for FAME efforts to encourage opening NextGen accounts. Coordination between ASF and FAME is crucial to increasing the number of people saving for higher education. A handout was provided outlining the promotional efforts of ASF and the coordination between FAME and ASF to simplify the process by which Maine residents can open a NextGen account using their Universal grant. There were further discussion regarding brand confusion and the legal issue that does not allow ASF to solicit NextGen.

BREAK: 10:35 a.m. – 10:45 a.m.

C2: CEO Report

Mr. Pelletier re-entered the meeting after BREAK at 10:47 a.m.

Mr. Wagner asked members if they had specific questions they would like addressed or elaborated upon from the CEO Report provided to them prior to the meeting. Hearing none, he advised that the LAMP system put in place to underwrite the commercial loan portfolio, although efficient for outside customers, has caused some inefficiencies for staff and an option may be to revert to the previous system temporarily.

Mr. Wagner announced that he has resigned from the NCHER board in order to devote more time to FAME's Strategic Plan, the MaineSpark coalition that is driving workforce improvements, and Maine's economic strategy. Mr. Norbert has been asked to replace Mr. Wagner at NCHER.

Mr. Wagner briefly reviewed the October retreat agenda with members.

The Commercial Loan Insurance Request for Thompson's Point was withdrawn at the borrower's request.

C2a: Articles of Interest

Included in board packet.

C2b: Strategic Deployment Timeline

Mr. Pierce exited the meeting at 11:12 a.m.

Chair Violette exited the meeting at 11:24 a.m.

Members were provided a handout outlining deployment and metrics for the Strategic Plan over the next three years. The tasks associated with the two goals were reviewed by staff as they pertain to Business, Education and Human Resources.

C3a: Preliminary FY 2018 Financial Results

Chair Violette re-entered the meeting at 11:26 a.m.

Ms. Desiderio reported that the audit is almost complete but there may be some minor changes to what has been provided to the board currently. She reviewed the bridging statement that compared FY 17 to FY 18, noting areas that changed. The arbitrage resulting from the Maine Loan bond issuance was not provided for in the FY 2018 budget and was discussed by members. A strategic and financial Maine Loan presentation was requested for the next board meeting.

C3b: Quarterly Contributions, Sponsorships & Donations Report

Ms. Desiderio advised that there are no new items or items that exceeded budget to report.

D: ACTION ITEMS

D1: Approval of Procurement Policy

Mr. Mello referred members to the policy that is before them as a renewal and to the reason for the policy as outlined. He also reiterated the limits for which bids are required and that any exception to the policy must be brought to the board. Treasurer Hayes questioned the wording referring to “it has been the practice of the Board of Directors” when referring to Responsibilities §5.3 since any exception to policy must be brought to the board.

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

R-09-20-18-03

D2: Approval of Cost Policy Statement

Ms. Desiderio stated that the Cost Policy Statement assures that operating costs and expenditures are appropriately allocated and is before the board for its annual renewal.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to approve the Cost Policy Statements presented. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-09-20-18-04

D3: Approval of Cash Management Policy – Federal Programs

This policy provides guidance for the treatment of federal funds and is before the board for its annual renewal.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to approve the Cash Management Policy – Federal Programs as presented. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-09-20-18-05

D4: Approval of Revenue Recognition Policy

The Revenue Recognition Policy relates to the way in which operating revenue and grants are allocated. Treasurer Hayes noted that for consistency the term non-Maine residents should read non-Maine accounts, referring to earlier discussions. After discussion, reference to a 2% per year for insuring business loans will be deleted from the policy as well as the word “generally” referencing the Maine administration fee as being derived from non-Maine residents. Also discussed was the establishment of a fee policy.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to approve the Revenue Recognition Policy as amended. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-09-20-18-06

D5: Ratification of Investment Purchases

Members were provided a list of purchases and maturities/sales/calls for the quarter ending June 30, 2018 for ratification.

A motion was made by Treasurer Hayes and seconded by Mr. Howard to ratify investment purchases in quarter ending June 30, 2018. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-09-20-18-07

COMMISSIONERS’ & TREASURER’S UPDATES

None.

E: OPEN TIME FOR UNFINISHED BUSINESS

Staff exited the meeting at 12:02 p.m.

Chair Violette exited the meeting at 12:12 p.m.

Ms. Walker exited the meeting at 12:14 p.m.

Ms. Walker re-entered the meeting at 12:16 p.m.

Chair Violette re-entered the meeting at 12:17 p.m.

Mr. Howard exited the meeting at 12:17 p.m.

Mr. Howard re-entered the meeting at 12:17 p.m.

Ms. Walker exited the meeting at 12:38 p.m.

Mr. Pelletier exited the meeting at 12:38 p.m.

Treasurer Hayes 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 Mr. Howard and was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session at 12:02 p.m.

Members exited Executive Session at 12:52 p.m.

The meeting adjourned at 12:52 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair