

**MINUTES OF THE FEBRUARY 21, 2019 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the February 21, 2019 meeting of the Finance Authority of Maine to order at 10:02 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
Henry Beck
Denise Garland for Heather Johnson
Jonathan Block
James Howard
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Timothy Nightingale

Those members absent:

David Daigler, Treasurer
Patrick Keliher
Cheri Walker
Raymond Nowak

Staff present:

Bruce Wagner, Chief Financial Officer
Christopher Roney, 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
Lisa Brown, Human Resource Manager
Eva Giles, College Savings Plan Manager
Jennifer Cummings, Senior Workout Officer

Scott Weber, Senior Credit Officer
Shelly Desiderio, Chief Accounting Officer
Martha Johnston, Director of Education
Jeff Murch, Credit Analyst II
Matt Lindquist, Commercial Loan Officer
Ellen Curtis, Credit Analyst II
Roxanne Broughton, Commercial Loan Officer II
Sally Garand, Commercial Loan Officer II
Adele Bickford, Executive/Legal Assistant
Kim Bard, Executive/Legal Assistant

Guests Present:

Duane Crawford, First National Bank; Tony Carter, Pennacook Falls; Andy St. Pierre, Pennacook Falls; Rob McCarthy, Melan Group; Tim Hogan, Melan Group.

A1: Ascertainment of Quorum

A2: Approval of January 17, 2019 Board Meeting Minutes

A motion was made by Mr. Mitchell and seconded by Vice Chair Roderick to approve the minutes of the January 17, 2019 Board meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

B: CHAIR'S REPORT

B1 Acceptance of the Report of the Executive Committee Meeting of January 17, 2019.

A motion was made by Vice Chair Roderick and seconded by Mr. Howard to approve the Report of the Executive Committee Meeting of January 17, 2019. Mr. Violette noted that there is a vacancy in the Advisory Committee on College Savings. Treasurer Beck has been approved for that appointment. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

B2: Acceptance of the Report of the Business Committee Meeting of February 5, 2019.

A motion was made by Mr. Howard and seconded by Vice Chair Roderick to approve the Report of the Business Committee Meeting of February 5, 2019. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

B3: Acceptance of the Report of the Risk Management and Audit Committee Meeting of February 7, 2019.

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve the Report of the Risk Management and Audit Committee Meeting of February 7, 2019. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

C: CEO and STAFF REPORTS

C1: CEO's Report 10:25

Mr. Wagner provided highlights on the MaineSpark initiative. Mr. Roderick asked if MaineSpark was experiencing funding challenges. Mr. Wagner noted that the initiative is not threatened but they need to review the two potential business models they could follow and also determine what the relationship with the Administration is going to look like. There will be a meeting on March 22nd to see which of the business models MaineSpark will end up utilizing.

A Board member asked if we were on target to meet the demand of 158,000 workers by 2025 as outlined in the report. Mr. Wagner noted that we will come up shy of that number – it is a challenging number to hit.

Mr. Wagner connected the discussion to the pending Pennacook Falls request. It was a split decision - the loan officers favored the loan and the credit officers did not recommend moving forward. Mr. Wagner is in favor of bringing it before the Board. Mr. Violette gave opportunity for discussion and questions before the guests (Pennacook Falls investors) arrived.

Members went into Executive Session to allow the Board to discuss details regarding the Pennacook Falls loan.

Mr. Howard moved to enter into Executive Session to discuss records including 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 to be provided by or with assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Pierce approved by a vote of 9 in favor, 0 opposed and 1 abstention.

Mr. Block exited for a Conflict of Interest at 10:35 a.m.

Members entered Executive Session No. 1 at 10:39 a.m.

Members exited Executive Session No. 1 at 10:48 a.m.

Next month the board will discuss updates to the loan credit policies, specifically enhancements to the online application process to improve service to customers that will go live March 1.

Mr. Wagner and Mr. Norbert met with the Governor's Board Appointments Administrator, Missy O'Neal. The Governor will take a hands on approach and make final decisions on Board appointments.

Next month the Board will also review large loan capacity for requests in the \$25 million range.

The remainder of the CEO report can be found in the Board packet.

BREAK: 10:55 a.m. – 11:06 a.m.

R-02-21-19-01

D2: Commercial Loan Request – Pennacook Falls Investments, Ltd. 11:08 a.m.

Pennacook guests entered the room at 11:08 a.m. Matt Lindquist introduced Duane Crawford with First National Bank, Tony Carter and Andy St. Pierre who represent the business, and Rob McCarthy and Tim Hogan with the Melan Group. Mr. Lindquist recommended the request. The company and the lender made presentations. The Board exchanged questions and answers with the named guests. Each investor/guest present shared their relevant experience and contributions to the project which is the construction of a Best Western Hotel in Rumford, Maine.

Mr. Pierce moved to enter into Executive Session to discuss records including 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 to be provided by or with assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Nightingale approved by a vote of 9 in favor, 0 opposed and 1 abstention.

Members entered Executive Session No. 2 at 11:20 a.m.

Members exited Executive Session No. 2 at 11:37 a.m.

Discussion in public session resumed. Board members asked if the Lender would agree to adding the maintenance of the Best Western “Flag” as a loan covenant. The Lender and Board representatives agreed.

A motion was made by Mr. Pelletier and seconded by Mr. Howard to approve the Pennacook Falls Commercial Loan Request, pursuant to the Resolution as amended. The motion was approved by a vote of 9 in favor, 0 opposed and 1 abstention.

Mr. Block re-entered the meeting at 11:40 a.m.

C1a: Articles of Interest

Included in Board packet.

D3: Approval of Maine Matching Grant Program 11:42

Ms. Giles reported that the working group was asked by a Board member about generating greater returns on matching grants. They have been exploring how grant awards are invested on behalf of the recipient. FAME staff recommends creating a new Matching Grant Age-Based Portfolio. Ms. Giles shared the background, overview, and implementation including visuals. The Advisory Committee on Education Savings supports the recommendation as does the Program’s independent investment consultant, Pension Consulting Alliance, LLC.

A motion was made by Vice Chair Roderick and seconded by Mr. Mitchell to approve the modifications as presented. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

D4: Ratification of Investment Purchases 11:55

Ms. Desiderio shared the packet documents outlining investment breakdowns and rates. We are meeting all guidelines within the investment policy. Transactions were reviewed by the Risk Management and Audit Committee and they recommended ratification.

A motion was made by Mr. Mitchell and seconded by Mr. Block to approve the ratification of investment purchases. The motion was approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

C2: Finance Update 11:57

C2a: 2nd Quarter FY 19 Financial Results

Ms. Desiderio reported on the fiscal 2018 financial review as of 12/31/2018. She reviewed 12/31/18 actuals as well as the 2019 forecast, walking the Board members through the statement located in the Board packet. Combined revenues are favorably above budget for the period ending 12/31/2018. There were no questions from the Board.

Mr. Pelletier exited the meeting at 11:58 a.m.

Mr. Violette exited the meeting at 11:59

Mr. Violette re-entered the meeting at 12:03 p.m.

C2b: Scorecard

Included in packet.

C2c: Quarterly Contributions, Sponsorships & Donations

Ms. Desiderio provided a review of the 2nd quarter FY19 contributions, sponsorships and memberships analysis. She highlighted two that were not in the budget:

- 1) Line 24 NCHER Voluntary Special Assessment. They came back and asked for additional funding to meet their strategic goals.
- 2) Line 29/30 Conference Booth Fee for the Jumpstart Coalition Conference.

C3: Education Update 12:11 p.m.

Ms. Johnston reported that today is a wrap up of the ongoing conversation surrounding initiatives and next steps. She drew the Board's attention to three slides in particular (located in the Board packet):

- 1) The Maine Loan – there is a plan to bring a bond resolution to the Board in March. She suggested taking time to monitor SLI lender, UCU, and see whether ELM works for them. We will revisit this in March to see if it is the right business decision.
- 2) R/SLI is the student loan insurance program. It's been a sluggish product and they are doing everything they can to increase volume. There is a plan to make a coordinated employer outreach effort.

- 3) MSG (Maine State Grant) – Governor Mills has added \$3 million of the \$5 million requested to support adult learners.

D: ACTION ITEMS

D1: Commercial Loan Request – Gallery Leather Manufacturing, Inc. and Gallery Leather Real Estate, LLC

Mr. Howard noted that Gallery Leather was reviewed by the Business Committee and there was no consensus. This matter has been tabled and will be taken up at another time.

COMMISSIONERS' AND TREASURER'S UPDATE

Mr. Roderick exited the meeting at 12:25 p.m.

Mr. Roderick re-entered the meeting at 12:27 p.m.

A motion was made by Mr. Howard and seconded by Vice Chair Roderick to adjourn the meeting.

The meeting adjourned at 12:28 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair