

**MINUTES OF THE MARCH, 2019 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the March 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
David Daigler, Treasurer
Henry Beck
Jonathan Block
James Howard
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Cheri Walker

Those members absent:

Richard Roderick, Vice Chair
Heather Johnson
Patrick Keliher
Timothy Nightingale
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
Jennifer Cummings, Director of Business Programs
Karen Kunesh, Commercial Loan and Workout Officer

Martha Johnston, Director of Education
Elizabeth Vanderweide
Kim Bard, Executive/Legal Assistant

A1: Ascertainment of Quorum

A2: Approval of February 21, 2019 Board Meeting Minutes

A motion was made by Treasurer Daigler and seconded by Mr. Howard to approve the minutes of the February 21, 2019 Board meeting. The motion was approved by a vote of 8 in favor, 0 opposed and 1 abstention.

B: CHAIR'S REPORT

B1: Acceptance of the Report of the Executive Committee Meeting of February 21, 2019.

A motion was made by Treasurer Daigler and seconded by Mr. Mitchell to approve the Report of the Executive Committee Meeting of February 21, 2019. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

B2: Committee Assignments

Mr. Wagner reported that Henry Beck has been assigned to the Education Committee as well as the Advisory Committee for Education Savings. Heather Johnson has been assigned to the Business Committee.

D1: Maine Education Savings Program (NextGen 529) 9:05 a.m.

Ms. Johnston distributed an updated version of the Investment Policy and Monitoring Guidelines for the Maine Education Savings Program. The changes were redlined and reviewed by the Board. There were no comments or questions.

A motion was made by Mr. Mitchell and seconded by Mr. Howard to approve the changes in Investment Policy and Monitoring Guidelines. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstention.

D2: Approval of Bond Resolution – Maine Educational Loan Program 9:09

Ms. Johnston presented the bond resolution to authorize funding for education loans next year and to refinance bonds currently at a high interest rate, all related to the Maine Loan and/or Maine Medical Loan Programs. Mr. Wagner added that we are on track to do \$11.2 million in new lending this year and the program is doing exceptionally well.

A motion was made by Mr. Pelletier and seconded by Mr. Daigler to approve the bond resolution as presented. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

R-03-21-19-01

D3: Policy Review and Approval 9:15

Mr. Mello presented a series of proposed policy revisions including business funds capitalization, legal and administrative legal limits, and lending authorities.

FAME staff recommended an increase the maximum CLI exposure to one borrower from \$5.25 million to \$7.5 million. Mr. Norbert reported the request to change the statute is being heard Tuesday, March 26, 2019. The product enhancement chart and drafts of policy changes can be found in the Board packet.

Mr. Mello explained that in order to accommodate the proposed revisions, there would need to be policy changes, rule changes and, in all likelihood, statutory changes. Mr. Wagner stated that he asked the staff to listen to any Board member feedback, report back to the Business Committee, then come back to the Board in April or May.

The next discussion led by Mr. Mello covered allowance for insured and direct commercial loans and business loan charge-off/Insured claim pay-out policies and recommendation for Board approval. The drafts of policy changes and supporting charts can be found in the Board packet.

A motion was made by Ms. Walker and seconded by Mr. Block to approve allowances for insured and direct commercial loans and the charge-offs/pay-outs. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

Mr. Violette exited the meeting at 10:00 a.m.

Mr. Violette re-entered the meeting at 10:05 a.m.

Ms. Walker exited the meeting at 10:01 a.m.

Ms. Walker re-entered the meeting at 10:04 a.m.

BREAK: 10:33 a.m. – 10:45 a.m.

Mr. Violette returned from the break at 10:50 a.m.

C: CEO and STAFF REPORTS

C1: CEO's Report 10:45

Mr. Wagner reported there was a decision made by the members of the LLC that runs it to close the EB-5 center. There has not been a demand or market for the product. The EB-5 license covering Maine may have value to an entity considering an expansion into Maine. Mr. Howard asked if the center could be sold and Mr. Wagner stated they were going to make some inquiries around that.

Merrill Lynch sent out their remediation checks related to the A/C share issue. That process is complete with no repercussions.

The Claim Your Future (CYF) program is going very well and has generated \$525,000 in new revenues.

Maine Loan volume is going extremely well. It is the right product at the right, fixed rate and there are no fees associated with it.

There is a bill in to expand the Maine SEED tax credit. It's been funded at \$5 million per year. That amount has been depleted and we are looking to the legislature to move that number to \$15 million. The percentage of the credit will be reduced from 50% to 40%. There is also a bill to formally retire the MBE as noted earlier.

Mr. Wagner stated that Jennifer Cummings has settled into her new role as Director of Business Programs and he welcomed Karen Kunesh as the new Commercial Loan and Workout Officer. Sally Garand has left to work at Bar Harbor Trust and Scott Weber is out for an undetermined amount of time due to illness.

The Governor's office charged the DECD with the State Economic Development Plan. The Commissioner has asked Mr. Wagner to lead the effort. Mr. Wagner anticipates working 25% of the time on that effort. It is due on the Governor's desk on November 15, 2019.

As will be discussed in the Strategic Planning Update, Mr. Wagner reported there is a need to replace the MBE capability. There is a team being led by Mr. Mello and facilitated by Ms. Vanderweide. There are preliminary concepts being explored that relate the economic benefit to the reserves that could be established by the State.

Mr. Wagner reported there is an effort to increase our loan volume. The target for this year is \$70 million in new originations.

C1a: Articles of Interest

Included in Board packet. There were no questions from the Board.

C1b: Strategic Planning Update 10:58

Mr. Wagner reviewed the data included in the Board packet. Each staff member covered their area of oversight. Mr. Wagner filled in for Ms. Brown and Mr. Mello filled in for Mr. Weber.

Ms. Walker asked about the Financial Wellness program. Mr. Wagner shared the scope of the program with the Board which includes a variety of classes and educational opportunities surrounding finances. Employees who participate have the potential to earn up to \$250 in wellness funds that can be used for fitness related programs or items.

C2: Business

C2a: Watch Desk Report

Ms. Cummings reported on the WatchDesk Portfolio showing historical trend data as found in the Board packet.

Mr. Block 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. Mitchell approved by a vote of 9 in favor, 0 opposed and 0 abstention.

Members entered Executive Session No. 1 at 11:34 a.m.

Mr. Violette exited the meeting at 11:40 a.m., not returning.

Members exited Executive Session No. 1 at 11:41 a.m.

Discussion in public session resumed.

C2b: Snapshot

Mr. Mello asked if the Board had any questions. There were no questions and the Board moved to accept as presented.

A motion was made by Mr. Howard and seconded by Mr. Pelletier to accept the SnapShot as presented. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

COMMISSIONERS' AND TREASURER'S UPDATE

Mr. Beck thanked FAME for assistance with the Memorial Scholarship Auction.

A motion was made by Mr. Howard and seconded by Mr. Block to adjourn the meeting.

The meeting adjourned at 11:52 p.m.

Respectfully submitted,

Richard Roderick, Vice Chair