

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

Chair Violette called the October 17, 2019 meeting of the Finance Authority of Maine to order at 8:37 a.m. at Kennebec Valley Community College, US Route 201, Hinckley, 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, Chair
David Daigler, Treasurer
James Howard
Heather Johnson
Larry Mitchell
Rosaire Pelletier
Christopher Pierce
Henry Beck (arrived 9:10 a.m.)
Timothy Nightingale (arrived 8:41 a.m.)

Those members absent:

Lee Webb
Patrick Keliher
Cheri Walker
Jonathan Block
Richard Trafton
Blue Keim

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Carlos Mello, Chief Risk Officer
Jonathan Harvell, Chief Information Officer
Martha Johnston, Director of Education
Elizabeth Vanderweide, Director of Business Development and Marketing
Lisa Brown, Human Resources Manager

Shelly Desiderio, Chief Accounting Officer
Eva Giles, College Savings Program Manager
Kim Bard, Executive/Legal Assistant

Guests: President Hopper, KVCC

A: CALL TO ORDER

A1: Ascertainment of Quorum

A2: Approval of September 19, 2019 Board Meeting Minutes

Mr. Pierce reported he was not mentioned as a member or being absent. The minutes will be corrected.

A motion was made by Mr. Mitchell and seconded by Mr. Pelletier to approve the minutes of the July 18, 2019 Board meeting with the noted change. The motion was approved by a vote of 5 in favor, 0 opposed and 2 abstentions (Ms. Johnson and Mr. Pierce).

R-10-17-19-01

B: CHAIR'S REPORT

B1: KVCC Programs 8:46 a.m.

Mr. Daigler introduced President Rick Hopper of KVCC. Mr. Daigler gave verbal and power point presentations outlining the education and workforce climates in Maine. There was a comprehensive review of economic growth in the state and the efforts community colleges are making to influence that growth over the next several years.

Mr. Hopper gave an overview of the KVCC student demographic. He discussed affordability, job placement, and retention in Maine. There was a strong focus on employer needs and getting people trained and ready for employment with a credential of value. KVCC offers coursework that reflects the needs of the current labor market.

Break 9:51 a.m. – 9:59 a.m.

B2: Acceptance of the Report of the Executive Committee Meeting of September 19, 2019.
9:59 a.m.

A motion was made by Mr. Daigler and seconded by Mr. Nightingale to approve the Report of Executive Committee meeting of September 19, 2019. The motion was approved by a vote 8 in favor, 0 opposed and 0 abstentions.

R-10-17-19-02

Ms. Johnson returned from break at 10:01 a.m.

B3: Acceptance of the Report of the Executive Committee Meeting of October 4, 2019.
10:01 a.m.

A motion was made by Mr. Beck and seconded by Mr. Pelletier to approve the Report of Executive Committee meeting of October 4, 2019. The motion was approved by a vote 9 in favor, 0 opposed and 0 abstentions.

R-10-17-19-03

B4: Acceptance of the Report of the Risk Management and Audit Committee Meeting of September 16, 2019. *10:02 a.m.*

A motion was made by Mr. Mitchell and seconded by Mr. Howard to approve the Report of Risk Management and Audit Committee meeting of September 16, 2019. The motion was approved by a vote 9 in favor, 0 opposed and 0 abstentions.

R-10-17-19-04

B5: Board Office Nominations. *10:03 a.m.*

Mr. Nightingale reported he had three nominations: Chair - James Violette, Vice Chair - David Daigler, and Treasurer - James Howard. The board was asked if there were additional nominations. None were given.

A motion was made by Mr. Pelletier and seconded by Mr. Beck accept the board nominations. The motion was approved by a vote 9 in favor, 0 opposed and 0 abstentions.

R-10-17-19-05

C: CEO and STAFF REPORTS

C1a: Articles of Interest *10:06 a.m.*

Mr. Wagner asked if board or staff had any questions or comments. There were none. The articles of interest can be found in the Board packet.

C1: CEO's Report *10:07 a.m.*

Mr. Wagner reported FAME made Best Places to Work for the fifth year in a row. We jumped substantially to fourth place. The results and process are used to make adjustments so our employees can be healthy and productive. Participation and engagement level reached 96%.

The Morningstar review was held in September and the call went very well. Results from the analytical team are expected by the end of October. The hope is to continue with current overall rankings for both Direct and Select series and to keep in line with other 529 competitors.

Results from ten different subcommittees working on the economic development plan will be in on October 18. The information will be sorted through and compiled for the report going to the Governor on November 15.

Mr. Wagner reported FAME is ready to transfer the FFELP portfolio to ECMC on December 1, 2019. Action item D4 of the agenda contains a memo and data regarding FFELP and will require board approval.

Mr. Wager directed the board members to the Education section of the CEO Report. There are charts in the board packet showing NextGen 529TM account openings and also accounts with contributions. These are the two points that FAME and HAF are continuing to discuss - there remains differing views on the metrics and definition of success with the program.

There was a brief discussion surrounding the Harold Alfond Foundation meeting on October 9, 2019. Board members questioned education staff about account openings vs. contributions as well as the differences between the grant programs and 529 program. This dialogue lead to the CEO's Annual Strategic Review which was covered in Executive Session.

The details of the CEO report can be found in the board packet.

C1b: Annual Strategic Review.

Mr. Nightingale moved to enter into Executive Session to consult with Authority counsel concerning:

- a. Legal right and duties of the Authority;**
- b. Pending or contemplated litigation;**
- c. Settlement offers; or**
- d. Matters where:**
 - i. Counsel's duties to the Authority as client clearly conflict with "open meeting" requirements, or**
 - ii. Premature general public knowledge would clearly place the Authority or a person at a substantial disadvantage.**

(1 MRSA §405(6)(E)). The motion was seconded by Mr. Howard and approved by a vote of 8 in favor, 1 opposed and 0 abstention. (Mr. Beck)

R-10-17-19-06

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

Ms. Johnson left the meeting at 11:16 a.m.

Mr. Pelletier exited the meeting at 11:35 a.m.

Members exited Executive Session No. 1 at 11:38 a.m.

C2: Education Quarterly Report Omitted

C3: 4th Quarter Financial Review *Omitted*

D: ACTION ITEMS

D4: Approval of transfer of FAME's Federal Family Education Loan Program (FFELP) guarantee loan portfolio to ECMC Group *11:39 a.m.*

Mr. Mello reported FAME staff received approval from the US Department of Education for the transfer of FFELP to ECMC. The memo and financial statement can be found in the board packet.

Mr. Daigler exited the meeting at 11:39 a.m.

Mr. Daigler reentered the meeting at 11:42 a.m.

Mr. Pelletier reentered the meeting at 11:42 a.m.

A motion was made by Mr. Beck and seconded by Mr. Howard to approve the transfer of FAME's 'FELP guarantee loan portfolio to ECMC Group. The motion was approved by a vote 7 in favor, 0 opposed and 0 abstentions.

R-10-17-19-07

D1: Ratification of FAME Audited Statements *11:42 a.m.*

Ms. Desiderio reported that the audit revealed some discrepancies in our manual process. FAME responded by putting processes in place to ensure correct totals are reflected in future reports.

A motion was made by Mr. Beck and seconded by Mr. Nightingale to approve the ratification of FAME audited statements. The motion was approved by a vote 7 in favor, 0 opposed and 0 abstentions.

R-10-17-19-08

Mr. Violette exited the meeting at 11:42 a.m.

Mr. Violette reentered the meeting at 11:51 a.m.

D2: Ratification of NextGen Audited Statements *11:51 a.m.*

Ms. Desiderio reported auditors were on site to review the report with the Risk Management and Audit committee. The committee recommended to approve the review of the statements. There will be a line added to reflect the board's approval of the FFELP transfer.

A motion was made by Mr. Howard and seconded by Mr. Daigler to approve the ratification of NextGen audited statements. The motion was approved by a vote 8 in favor, 0 opposed and 0 abstentions.

R-10-17-19-09

D3: Ratification of Investment Activity for Quarters ending June 30, 2019 and September 30, 2019 11:55 a.m.

Ms. Desiderio shared the Investment Allocations and Rates sheet and related materials with board members. The board had the opportunity to ask questions. Mr. Mello and Ms. Desiderio reported we are well insulated against a potential recession. New investment opportunities will be discussed at the next board meeting.

A motion was made by Mr. Howard and seconded by Mr. Pelletier to approve the ratification of Investment Activity for Quarters ending June 30, 2019 and September 30, 2019. The motion was approved by a vote 8 in favor, 0 opposed and 0 abstentions.

R-10-17-19-10

COMMISSIONERS' AND TREASURER'S UPDATE

None given.

Staff was dismissed and the board continued in Executive Session to discuss the CEO Evaluation.

Vice Chair Daigler 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. Nightingale and was approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session at 12:00

Members exited Executive Session at 12:45

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

The meeting adjourned at 12:45 p.m.

Respectfully submitted,

James Violette, Chair