

**MINUTES OF THE SEPTEMBER 19, 2019 MEETING OF THE MEMBERS  
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the September 19, 2019 meeting of the Finance Authority of Maine to order at 9:06 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, Chair  
David Daigler, Treasurer  
James Howard  
Blue Keim  
Larry Mitchell  
Timothy Nightingale  
Henry Beck  
Lee Webb

Those members absent:

Heather Johnson  
Patrick Keliher  
Cheri Walker  
Jonathan Block  
Rosaire Pelletier  
Christopher Pierce

Staff present:

Bruce Wagner, Chief Executive Officer  
Christopher Roney, General Counsel  
Charles Emmons, Special Projects  
Katryn Gabrielson, Deputy General Counsel  
Jonathan Harvell, Chief Information Officer  
Martha Johnston, Director of Education  
Elizabeth Vanderweide, Director of Business Development and Marketing  
Lisa Brown, Human Resources Manager

Scott Weber, Senior Credit Officer  
Shelly Desiderio, Chief Accounting Officer  
Matthew Lindquist, Commercial Loan Officer  
Karen Kunesh, Commercial Loan and Workout Officer  
Eva Giles, College Savings Program Manager  
Kim Bard, Executive/Legal Assistant

**A: CALL TO ORDER**

**A1: Ascertainment of Quorum**

**A2: Approval of July 18, 2019 Board Meeting Minutes**

A motion was made by Mr. Mitchell and seconded by Mr. Howard to approve the minutes of the July 18, 2019 Board meeting with the noted change. The motion was approved by a vote of 7 in favor, 0 opposed and 1 abstentions (Mr. Beck).

R-9-19-19-01

**B: CHAIR'S REPORT**

**B1: Acceptance of the Report of the Risk Management and Audit Committee Meeting of August 8, 2019.**

A motion was made by Mr. Mitchell and seconded by Mr. Howard to approve the Report of Risk Management and Audit Committee meeting of August 8, 2019. The motion was approved by a vote of 8 in favor, 0 opposed and 0 abstentions.

R-9-19-19-02

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

A motion was made by Mr. Daigler and seconded by Mr. Keim to approve the Report of Business Committee meeting of September 5, 2019. The motion was approved by a vote 8 in favor, 0 opposed and 0 abstentions.

R-9-19-19-03

**B3: Review of Report of the Advisory Committee on Education Savings (ACES) Meeting of May 21, 2019.**

Ms. Giles made the report available to the board for review. Ms. Johnston stated the report was previously approved and accepted by the statutory committee that oversees ACES.

Mr. Violette reported there are some items that need to be addressed before the board's annual meeting. The chair is seeking volunteers for the Officer Nominating Committee. The volunteers will recommend officers/executive committee members to the board in November. Mr. Nightingale and Mr. Keim both volunteered. Mr. Violette thanked Mr. Mitchell for working on this committee for the past several years.

Chair Violette gave an overview of the CEO performance review process. The executive committee will meet on October 4, 2019 to discuss and the full board will review the results at the October board meeting. The final results will be delivered to Mr. Wagner in early November.

## **C: CEO and STAFF REPORTS**

### **C1: CEO's Report** 9:25 a.m.

Mr. Wagner reported the Finance Authority finished the 2019 FY very strongly by every measure. In particular he highlighted total revenues, the number of NextGen accounts making contributions, new lender debt, customer satisfaction levels, and FAME's achievement of Best Places to Work for the fifth year in a row.

Mr. Beck stated that he has heard that there are concerns surrounding the Harold Alfond Foundation (HAF) and NextGen 529<sup>TM</sup> performance metrics. Mr. Wagner explained to the board that FAME and HAF each have their own viewpoints and metrics which has caused a need for future talks in an effort to reconcile their differences. The two parties will meet in early October to flesh out their concerns with the hope of coming to a mutual understanding.

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

### **C1a: Articles of Interest**

The articles of interest can be found in the Board packet. There were no questions or comments.

### **C2: Electronic Services Corporation – Board Level Transaction Look Back** 9:34 a.m.

Mr. Lindquist shared a review of Electronic Services Corporation (ESC). He noted that ESC is the parent hold company of Alternative Manufacturing, Inc. and Midstate Electronics Co. The details of annual reviews and audits can be found in the board packet.

**Mr. Daigler moved to enter into Executive Session to discuss records including any 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 provided or to be provided by or with assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Howard and approved by a vote of 8 in favor, 0 opposed and 0 abstention.**

*Members entered Executive Session No. 1 at 9:40 a.m.*

*Mr. Pelletier entered at 9:54 a.m.*

*Members exited Executive Session No. 1 at 10:00 a.m.*

**C3: WatchDesk** 10:00 a.m.

Ms. Kunesh reported the ERLP percentage of loans on WatchDesk dropped by 11% which was due to charge-offs and removing two relationships with an improved status on the WatchDesk.

**Mr. Nightingale moved to enter into Executive Session to discuss records including any 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 provided or to be provided by or with assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Howard and approved by a vote of 7 in favor, 0 opposed and 0 abstention.**

*Members entered Executive Session No. 2 at 10:00 a.m.*

*Mr. Violette exited at 10:01 a.m.*

*Mr. Violette reentered at 10:05 a.m.*

*Members exited Executive Session No. 1 at 10:09 a.m.*

**C4: Commercial Portfolio** 10:10 a.m.

Mr. Weber shared the CLI Portfolio Snapshot documents with the board. There were no questions or comments.

***Break: 10:15 - 10:27 a.m. Mr. Daigler not present.***

**C5: Quarterly Financial Review** *not covered*

**D: ACTION ITEMS**

**D4: American Unagi – Commercial Loan Insurance/ FAME Direct Loan** 10:27 a.m.

The board engaged in discussion prior to guests entering and shared a number of concerns and questions with Mr. Lindquist. Mr. Wagner stated he believes this transaction offers a sound business model. It was noted there are markets established already in the United States so the real remaining risk would be a disruption in the supply chain which poses a moderate risk.

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

*Members entered Executive Session No. 3 at 10:30 a.m.*

*Mr. Daigler reentered at 10:35 a.m.*

*Members exited Executive Session No. 3 at 10:46 a.m.*

*Mr. Violette exited at 10:46 a.m.*

*Mr. Violette reentered at 10:49 a.m.*

*Guests entered at 10:49 a.m. Sara Rademaker and John Pavan from American Unagi, and Karl Suchecki from Gorham Savings Bank*

Mr. Lindquist reviewed the two requests as outlined in the Commercial Credit Analysis in the board packet. Sources and uses are broken down on page five. Mr. Lindquist covered the background of the company and its plans for expanded aquaculture in Maine. The board heard from Mr. Suchecki about Gorham Savings Bank's interest in funding the transaction. Ms. Rademaker offered a detailed explanation of the industry, her expertise in aquaculture, specifically with eels, as well as a complete economic overview of this project.

*Mr. Block entered the meeting at 11:05 a.m.*

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

*Members entered Executive Session No. 4 at 11:07 a.m.*

*Members exited Executive Session No. 4 at 11:11 a.m.*

**Mr. Howard moved to approve both of the Resolutions (one for the Loan Insurance, the other for the Direct Loan) as presented. The motion was seconded by Mr. Daigler and approved by a vote of 6 in favor, 4 opposed and 0 abstentions. Opposed were Mr. Nightingale, Mr. Violette, Mr. Webb and Mr. Beck.**

**R-9-19-19-04**

**D5: B&B Precise Products, Commercial Loan Insurance, Loan Request 11:40 a.m.**

Ms. Kunesh introduced guests: Jason Chadbourne, Androscoggin Bank; Miranda and Will Rood, Molly King, Mark Stickney, B&B Precise; Val Koval, Richard Stone, Spinglass.

Ms. Kunesh reported the request is for purchasing equipment that will improve efficiencies and upgrades to production. FAME will be doing a site visit in October. Details of the proposed transaction can be found in the board packet.

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

*Members entered Executive Session No. 5 at 11:45 a.m.*

*Members exited Executive Session No. 5 at 11:50 a.m.*

**Mr. Beck moved to approve the Resolution as drafted. The motion was seconded by Mr. Keim and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.**

*Mr. Pelletier exited the meeting at 11:55 a.m.*

*Mr. Howard exited the meeting at 11:55 a.m.*

*Mr. Nightingale exited the meeting at 11:55 a.m.*

#### **R-9-19-19-05**

#### **D1: Maine Dental Education Loan and Loan Repayment Programs, Chapter 612, Amendment 4 Approval for Rulemaking 12:05 p.m.**

Ms. Gabrielson reported the amendments were recommended by the Advisory Committee on Dental Education, which is dissolved in favor of the Authority's ability to convene an ad hoc stakeholders group as necessary. A red line copy of the rule can be found in the board packet.

**Mr. Block moved to approve the draft of the rule amendment for official rulemaking. The motion was seconded by Mr. Daigler and approved by a vote of 7 in favor, 0 opposed and 0 abstentions.**

#### **R-9-19-19-06**

#### **D2: Rules for the Conduct of the Educators for Maine Program, Chapter 610, Amendment 5 Approval for Rulemaking 12:10 p.m.**

Ms. Gabrielson provided the board with a handout of the proposed amendment that outlines the changes to the rule. Board members took the opportunity to ask Ms. Gabrielson and staff questions about the amendment.

*Mr. Violette exited at 12:14 p.m.*

*Mr. Violette reentered at 12:15 p.m.*

**Mr. Webb moved to approve the draft of the rule amendment for official rulemaking. The motion was seconded by Mr. Keim and approved by a vote of 7 in favor, 0 opposed and 0 abstention.**

**R-9-19-19-07**

**D3: Foreign Credentialing and Skills Recognition Revolving Loan Program, Chapter 619 Approval for Rulemaking 12:26 p.m.**

Ms. Gabrielson presented the board with the draft rule as a first step in the rulemaking process. The above-mentioned program is designed to provide interest free loans up to \$700 to foreign-educated or foreign-trained, experienced immigrants who need assistance to pay the costs of certain actions and activities that will improve their work readiness once they receive their work permits.

**Mr. Daigler moved to approve the draft of the rule for official rulemaking. The motion was seconded by Mr. Keim and approved by a vote of 7 in favor, 0 opposed and 0 abstentions.**

**R-9-19-19-08**

**D7: Chapter 101, Amendment 7 Loan Insurance Program Draft for Adoption 12:32 p.m.**

This proposed rule amendment was previously approved by the Board for Rulemaking. No comments were received from the public. The Business Committee reviewed the Amendment and is recommended for adoption by Staff.

**Mr. Keim moved to Adopt the rule amendment as presented. The motion was seconded by Mr. Mitchell and approved by a vote of 7 in favor, 0 opposed and 0 abstentions.**

**R-9-19-19-09**

**D6: Acceptance of NextGen 529™ Independent Investment Consultant Services 12:34 a.m.**

FAME staff and the Advisory Committee on Education Savings request the FAME Board to approve the contract with Meketa Investment Group, LLC and AKF Consulting Group for three years with options to renew for two additional years.

**Mr. Beck moved to approve contract for the independent investment consultant. The motion was seconded by Mr. Webb and approved by a vote of 7 in favor, 0 opposed and 0 abstentions.**

**R-9-19-19-10**

**COMMISSIONERS' AND TREASURER'S UPDATE**

None given.

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

The meeting adjourned at 12:37 p.m.

Respectfully submitted,

James Violette, Chair