

**MINUTES OF THE MAY 21, 2020 MEETING OF THE MEMBERS  
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the May 21, 2020 meeting of the Finance Authority of Maine to order at 9:09 a.m. This meeting was conducted virtually through Zoom. Provisions were made for the public to attend. This method was deemed necessary and appropriate due to the COVID-19 pandemic, and were determined authorized by PL 2020 ch 617, section G (**1 MRSA §403-A**).

Executive Assistant, Kim Bard 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**

Ms. Bard 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, Vice Chair  
Rebecca Asen  
Amanda Beal  
Henry Beck  
Dustin Brooks  
Blue Keim  
Timothy Nightingale  
Christopher Pierce  
Richard Trafton  
Cheri Walker  
Lee Webb

Those members absent:

Omar Andrews  
James Howard  
Heather Johnson

Staff present:

Bruce Wagner, Chief Executive Officer  
Christopher Roney, General Counsel  
Lisa Brown, Human Resources Manager  
Jennifer Cummings, Director of Business Programs

Shelly Desiderio, Chief Accounting Officer  
Kim Getchell, Commercial Loan Officer  
Jonathan Harvell, Chief Information Officer  
Martha Johnston, Director of Education  
Carlos Mello, Chief Risk Officer  
William Norbert, Governmental Affairs and Communications Manager  
Scott Weber, Senior Credit Officer  
Kim Bard, Executive/Legal Assistant

Guests: Jonathan Tower, Uche Osuji, Greg Andrews, Andy Shepard, Tom Federle, Kris Eimicke

**A: CALL TO ORDER**

**A1: Ascertainment of Quorum**

**A2: Approval of April 16, 2020 Board Meeting Minutes**

**A motion was made by Mr. Trafton and seconded by Mr. Daigler to approve the minutes of the April 16, 2020 Board meeting. The motion was approved by a vote of 11 in favor, 0 opposed and 1 abstention. (Walker)**

**R-05-21-20-01**

**B: CHAIR'S REPORT**

**B1: Acceptance of the Report of the Business Committee Meeting of April 8, 2020.**

**A motion was made by Ms. Walker and seconded by Mr. Trafton to approve the Report of Business Committee meeting of April 8, 2020. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-05-21-20-02**

**B2: Acceptance of the Report of the Risk Management & Audit Committee Meeting of April 9, 2020.**

**A motion was made by Ms. Walker and seconded by Mr. Trafton to approve the Report of Business Committee meeting of April 8, 2020. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-05-21-20-03**

**C1: CEO's Report 9:20 a.m.**

Mr. Wagner reported FAME staff are doing well and remain safe. The work plan is working and functioning as planned. The HVAC system replacement plan is currently underway. The work is scheduled to be done by the 3<sup>rd</sup> week of June. The transition to bring additional staff back to work onsite will be done in phases. About ten staff will return during the next phase. Mr. Wagner will be returning on June 22.

Mr. Wagner referenced the COVID-19 responsive programs the board approved, where it committed \$5.0 million for low interest Direct Loans and \$10.0 million for low cost Commercial Loan Insurance (CLI). To date, there have only been twenty-eight CLI applications. Nineteen have been funded for \$652,500, and additional eight have been approved for \$259,000. The Direct Loan COVID-19 product has seen far higher demand. Fifty-five of one hundred and forty-eight applications have been funded with an exposure of \$2.2 million. Eighteen additional loans have been approved for \$672,900, and eighteen are pending at \$963,000. Despite the fact that these loans are high risk, only twenty-three have been denied outright. Ms. Cummings reported banks felt the CLI limits were not sufficient for their needs. New dollar figures were discussed internally and shared with the board. Mr. Weber updated the board on application statistics.

Mr. Wagner reported the Bank of America Merrill Lynch Program Management Agreement for the advisor sold series automatically renews on July 1, 2021 for an additional two year period (until June 30, 2023) unless either Merrill or FAME gives notice by June 30, 2020 of a desire to terminate. In addition, the Finance Authority, but not Merrill Lynch, has an opportunity to terminate the direct sold series on June 30, 2021 by giving notice by June 30, 2020. While we lean toward renewal of both series, we have initiated conversations with Bank of America Merrill Lynch to explore their vision of the remaining years of the contract.

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

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

### **C2: Quarterly Financial Review** 9:55 a.m.

Ms. Desiderio covered the Fiscal 2020 Financial Review as of 3/31/2020. The discussion summarized the financial performance during the 3<sup>rd</sup> quarter of fiscal 2020 as compared to budget, as well as the forecasted results for fiscal year 2020 compared to budget. The financials were presented in millions to facilitate discussion, and as a result, certain column totals and calculations may appear incorrect due to rounding.

Board members had questions regarding contributions to Maine and Company. Mr. Wagner clarified what the funds were used for and how membership contributes to the mission of FAME. The contribution amounts are outlined and reviewed as part of the budget process. The associated documents can be found in the board packet.

**C3: Legal Update (Red Flag Report) 10:12 a.m.**

Mr. Roney presented the annual report under the the identity theft prevention program for consumer protection that was drafted and adopted by FAME in 2009. We have not had any red flag occurrences in the last year.

**D2: Approval for Rulemaking, Chapter 307, Amendment 9 , Maine Seed Capital Tax Credit Program 10:17 a.m.**

Mr. Roney reported the proposed amendment is based on changes to the governing statute by PL 2020, Ch. 616, which passed last session, and was signed by the Governor and became law on March 18, 2020. The law expanded the annual limit on credits from \$5 million to \$15 million; reduced the credit from 50% to 40%; and reduced the amount any company could receive in qualifying investments to \$3.5 million program lifetime, and \$2 million per year. The new law also increases the reporting requirements on a company and on FAME. There will be a public comment period over the next 30 days, and then the rule will be brought back for adoption.

*Mr. Violette exited the meeting at 10:20 a.m.*

**A motion was made by Mr. Brooks and seconded by Mr. Daigler to approve the Rulemaking, Chapter 307, Amendment 9. The motion was approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

**R-05-21-20-04**

**BREAK: 10:23 to 10:30 a.m.**

*Mr. Violette reentered the meeting at 10:30 a.m.*

**D1: Approval of Certification Application- Pacesetter CDE XL, LLC for Investment in Arctaris Saddleback Company, LLC under Maine New Markets Capital Investment Program 10:40 a.m.**

Guests entered the meeting: Jonathan Tower, Uche Osuji, Greg Andrews, Andy Shepard, Tom Federle, Kris Eimicke

Mr. Roney reported FAME staff after its review, recommends approval of the Application, with certain conditions:

1. Copies of legal opinions concluding that:

--Applicant is a qualified CDE;

--ASC (or applicable affiliate) is a qualified QALICB;

--each investment in the CDE qualifies as a QEI under the federal new market tax credit program and/or state program, as applicable;

--each investment in ASC qualifies as a QLICI under the federal new market tax credit program and/or state program; as applicable;

2. That the Applicant enter into an agreement with FAME required by Section 6(3) of the Rule.

3. That the Applicant demonstrate to the satisfaction of FAME staff that the QLICI has been made in the QLICB (proof of actual investment), and the uses of the investment will comply with Chapter 325.

Mr. Roney explained the program to board members. The memo and resolution can be found in the board packet.

**Mr. Trafton 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. Daigler and approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 1 at 10:42 a.m.*

*Members exited Executive Session No. 1 at 11:01 a.m.*

**A motion was made by Mr. Trafton and seconded by Mr. Beck to approve the Resolution, approving the Certification Application- Pacesetter CDE XL, LLC for Investment in Arctaris Saddleback Company, LLC under Maine New Markets Capital Investment Program. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-05-21-20-05**

**D3: Requests for Changes to Approval of Economic Recovery Loan – Arctaris Saddleback, Co., LLC 11:10 a.m.**

Ms. Getchell reminded the members that on January 27, 2020, the FAME board approved \$2.5 million in commercial loan insurance for Arctaris Community Loan Fund and a \$1 million direct loan for Arctaris Saddleback Company, LLC. A large portion of the project financing for purchase and improvement of Saddleback Mountain was contingent on obtaining New Market Tax Credits based financing. After FAME board approvals were obtained, Arctaris continued to work on securing the \$4.2MM in net NMTC proceeds from the holders of these credits; Massachusetts Housing Investment Corp. (MHIC) and Vermont Rural Ventures (VRV).

FAME was informed on February 20, 2020 that the NMTC transaction with MHIC and VRV had been withdrawn and Arctaris would be restructuring the senior leveraged loan. Arctaris decided to withdraw from the NMTC transaction due to the stringent conditions that were being put in place by MHIC and VRV. They felt these conditions were economically punitive and ultimately set the mountain up for failure. Nevertheless, Arctaris purchased the mountain for approximately

\$6.5 million and has invested substantial additional funds in commencing improvements pending completion of closing on it overall project financing.

Arctaris continues to work with local banks and capital leasing companies to secure the remaining funds needed for the project. They have also applied for State of Maine NMTC, which was also presented to the Board for approval. Efforts to secure the remaining capital stack have been hindered due to COVID-19 and its impact on economic conditions. FAME staff requested Arctaris provide documentation of their COVID-19 plan. Included in the packet is a formal statement, which addresses the plan.

FAME Staff is recommending the board approve current funding of 50% of the approved \$1MM Direct loan. The loan will be secured with a shared 1<sup>st</sup> lien, with an advance under the previously committed MRDA loan, on the real estate and all assets of the business including the timberlands. The remaining \$500M would not be funded until the FAME insured senior loan is funded and closed.

At the May MRDA Board meeting FAME staff also recommended to MRDA that it fund 50% of the approved \$1MM MRDA loan.

**Mr. Brooks 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. Daigler and approved by a vote of 11 in favor, 0 opposed and 0 abstentions.**

*Members entered Executive Session No. 2 at 11:14 a.m.*

*Members exited Executive Session No. 2 at 12:28 p.m.*

**A motion was made by Mr. Brooks and seconded by Mr. Trafton to approve the requests for changes to the previously approved Economic Recovery Loan for Arctaris Saddleback, Co., LLC, under the following conditions:**

- **A 6-month term direct loan of \$1 million**
- **Secured by all real estate and business assets including timberland**
- **Timberland is not be harvested without consent of FAME**
- **Interest Rate will be 5.25%**
- **Shared first lien on collateral with MRDA**
- **No personal guarantees to be required (with attendant finding of extraordinary public benefit and substantial equity present)**
- **Mr. Tower withdraws the previous request of \$1 million**

**The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.**

**R-05-21-20-06**

## **COMMISSIONERS' AND TREASURER'S UPDATE**

None given.

**A motion was made by Mr. Daigler and seconded by Mr. Trafton to adjourn and was approved unanimously.**

The meeting adjourned at 12:36 p.m.

Respectfully submitted,

James Violette, Chair