

**MINUTES OF THE DECEMBER 17, 2020 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Daigler called the December 17, 2020 meeting of the Finance Authority of Maine to order at 9:06 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**).

Marketing Coordinator, Janeen 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

Ms. 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:

David Daigler, Chair
Richard Trafton, Vice Chair
Dustin Brooks, Treasurer
Rebecca Asen
Amanda Beal
Henry Beck
Heather Johnson
Blue Keim
Timothy Nightingale
Christopher Pierce
James Violette
Cheri Walker

Those members absent:

Omar Andrews
James Howard
Lee Webb

Staff present:

Bruce Wagner, Chief Executive Officer
Christopher Roney, General Counsel
Roxanne Broughton,

Lisa Brown, Human Resources Manager
Jennifer Cummings, Director of Business Programs
Shelly Desiderio,
Kim Getchell,
Jonathan Harvell, Chief Information Officer
Martha Johnston, Director of Education
Karen Kunesh, Commercial Loan and Workout Officer
Carlos Mello, Chief Risk Officer
Jeff Murch,
Bill Norbert,
Elizabeth Vanderweide, Director of Business Development
Scott Weber, Senior Credit Officer
Janeen Violette, Marketing Coordinator

Guests:

Kenneth Capron (member of public)
William Mann, Director of Community Development, City of South Portland
Erin Herbig, City Manager, City of Belfast
Jonathan Tower, Arctaris Impact Investors
Neil Katz- Vice President, Arctaris Impact Investors
Brendan Lugossy- Fund Analyst, Arctaris Impact Investors
Mark Grotevant- Consultant, Grotevant Impact Advisors
Fletcher Kittredge- Chief Executive Officer, GWI
Kerem Durdog-Chief Operating Officer, GWI
Peggy Shaeffer, ConnectME Authority

A: CALL TO ORDER

A1: Ascertainment of Quorum 9:08 a.m.

A2: Approval of November 19, 2020 Board Meeting Minutes

Will be available at the January 21, 2021 Board Meeting.

A3: Approval of November 19, 2020 Executive Committee Meeting Minutes 9:12 a.m.

A motion was made by Mr. Violette and seconded by Mr. Trafton to approve the minutes of the November 19, 2020 Executive Committee meeting. The motion was approved by a vote of 10 in favor, 0 opposed and 2 abstention(s) (Johnson, Pierce).

B: CHAIR'S REPORT *9:14 a.m.*

B1: Executive Committee Meeting Plan.

Mr Daigler indicated the Executive Committee had met and reviewed its charter, and discussed timing of its meetings. They agreed that the meetings would be moved earlier to better accomplish its goals.

B2: Committee Membership.

Mr. Daigler indicated that he has been soliciting committee membership volunteers, and that he will be finalizing committee membership in due course.

Mr. Daigler also reported concerns with Business Committee matters being discussed at Board meetings. Moving forward, Mr. Daigler requested that Mr. Brooks draft new provisions to be added to the Business Committee's charter as to when and how Business matters should be prepared before they are presented to or discusses at Board meetings, especially when these matters pertain to loans and other financial matters. Mr. Brooks presented his ideas as it related to the interplay between the Business Committee and the Board, for consideration by the full board and the Business Committee.

Discussion ensued regarding format of Business Committee meetings, and who would be expected to attend and what the Committee would be expected to relay to the Board as a result of its activities as it related to a specific business deal.

B3: CEO Performance Review –

Moved to end.

C: ACTION ITEMS

Due to timing and guests expected, the Action Items were taken out of order.

C2: Casco Bay Vending, LLC – Loan Ins. Modification and Renewal Requests *9:32 a.m.*

Mr. Nightingale exited the meeting at 9:33 a.m. due to conflict.

Ms. Cummings reported that the loan insurance modification and renewal requests pertaining to Casco Bay Vending are in partnership with Camden National Bank. Ms. Cummings reported that Casco Bay Vending is experiencing economic hardship due to the COVID pandemic and the nature of their business. FAME is assisting Casco Bay through approving Camden's

restructuring loan agreements, which reduce the line of credit and extend and reamortize the payments on the term loan. Ms. Cummings reported the associated risks and mitigants and recommended that Casco Bay Vending be added to FAME's Watch List along with the rest of the proposal, found in the board packet. Ms. Getchel concurred that Casco Bay Vending is an otherwise profitable business and that the line of credit restructuring and extension of credit are advisable in mitigating risks for FAME.

Mr. Beck moved to approve the two resolutions for Loan Insurance Modification and Renewal Request. The motion was seconded by Mr. Trafton

Discussion ensued. Mr. Pierce asked a question regarding shareholder distributions shown in the financials. Mr. Roney suggested it might be appropriate to go into Executive Session to discuss the details of such issue.

Mr. Trafton moved to enter into Executive Session to discuss records designated confidential by statute (1 MRSA §402(3)(A)), and specifically 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 the assistance of the Authority (10 MRSA §975-A(2)(D)).

Members entered Executive Session No. 1 at 9:42 a.m.

Members exited Executive Session No. 1 at 10:12 a.m.

The Chair called for a vote on the pending motions. The motion was approved by a vote of 9 in favor, 2 opposed (Brooks, Violette), and 1 abstention (Nightingale).

Mr. Nightingale returned to the meeting at 10:16 a.m.

C1: Biddeford Internet Corp. d/b/a GWI Direct Loan Request 10:15 a.m.

Guests were welcomed to the meeting and introduced.

Ms. Cummings reported that Arctaris and GWI are applying for 20% loan insurance on a \$9.5 million loan (with \$1.9 million FAME exposure) in addition to a \$1 million FAME direct loan to construct a dark fiber network in South Portland and Belfast. GWI will lease and operate the network, Arctaris will be the owner. GWI would assume ownership after 10 years, provided that the loan is paid off. FAME has an existing relationship with GWI since 2010. Ms. Cummings

added that the Credit Department at FAME has denied both requests due to lack of collateral, but noted that FAME staff worked with GWI to improve their position in terms of credit. Ms. Cummings reported that the public benefit associated with this project includes improved broadband and connectivity in needy areas of the State that is reliable and consistent. FAME Lending Group recommends approval of the request. Despite the credit risk, Ms. Cummings reported on broad support for the project including letters of support for the project and expressed her view that the public benefit outweighs the associated credit risks.

Mr. Mann from the City of South Portland reported that the letter of support that the City provided included certain requests that the City has for any system of broadband in the City. He also outlined the City's concerns surrounding the fact that the proposal only deals with a small part of the City and not the entire City. The City would like to get additional time to do its review of competing proposals to determine what was best for its community, hence Mr. Mann asked that this matter be tabled until South Portland can do their due diligence (through January 31, 2021.)

Mr. Tower from Arctaris reported that Arctaris has been working with the most economically challenged communities, especially in providing fiber internet to underserved communities that otherwise would not be attractive to investors. He indicated that he was interested in providing internet to other parts of the City, but that the current project was just the first step.

Mr. Kittredge gave additional background on the project and GWI's efforts in the South Portland area in the past and plans for the future.

Ms. Herbig from Belfast reported that many community members in Belfast do not have access to internet and subsequently are falling behind in education, employment, and economic development. She expressed a high level of need and support for the project.

Mr. Wagner explained his reasoning for supporting the project, including the timing of the request. He stated that he had had conversations with GWI, Mr. Mann and Peggy Shaeffer of the ConnectME Authority.

Discussion ensued regarding the public benefit of the project. Members asked questions regarding the relationship between the parts of the project in both communities and timing of construction.

Mr. Katz from Arctaris added detail about these issues, and the company's interest in providing benefits to those in need in both communities, and the benefits of economies of scale in doing both parts of the project at the same time.

Mr. Durdog from GWI discussed the public benefit of the combined project and the company's focus on benefits to those specific communities left behind from other commercial providers of broadband.

Mr. Kittredge from GWI and Mr. Katz of Arctaris discussed the company's relationship with the City of South Portland and their intent to work with the City, but the importance of moving forward now.

Mr. Mann commented on his request for a delay and the goals of the City.

Mr. Violette expressed his concern about being involved in a dispute between the City and GWI.

Mr. Tower added additional detail on the company's view of public benefit.

Mr. Nightingale asked questions about the structure of the FAME insurance and when it becomes effective. He also indicated his concern about the lack of equity in the transaction.

Mr. Tower addressed the concerns of Mr. Nightingale.

Mr. Pierce asked a question about some of the assumptions in the financial model presented.

Mr. Roney suggested that the board go into Executive Session to obtain answers to the question.

Mr. Brooks moved to enter into Executive Session to discuss records designated confidential by statute (1 MRSA §402(3)(A)), specifically discussing any record 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 the assistance of the Authority (10 MRSA §975-A(2)(D)). The motion was seconded by Mr. Trafton and approved by a vote of 12 in favor, 0 opposed and 0 abstention(s).

Members entered Executive Session No. 2 at 11:16 a.m.

Guests (other than GWI and Arctaris representatives) exited meeting at 11:16 a.m.

Members exited Executive Session No. 2 at 11:22 a.m.

Guests returned to meeting at 11:23 a.m.

Mr. Violette moved to table the matter until the February meeting. The motion was seconded by Mr. Pierce.

Discussion ensued on the motion.

The Chair called for a vote on the pending motion. The motion failed by a vote of 4 (Pierce, Violette, Nightingale, Kiem) in favor, 8 opposed, and 0 abstentions.

Mr. Nightingale moved to decline the application. The motion was seconded by Mr. Violette.

Discussion ensued on the motion.

Mr. Nightingale withdrew his motion. There were no objections to the withdrawal expressed.

Mr. Brooks moved to approve the application. The motion was seconded by Mr. Trafton. Additional discussion ensued on the motion and the merits of the application, including the risks and public benefits.

A brief recess was called by the chair.

The members reconvened following the recess.

Discussion ensued regarding procedural issues.

The Chair called for a vote on the pending motion. The motion passed by a vote of 9 in favor, 2 opposed (Pierce, Nightingale), and 1 abstention (Violette).

E. Showcase Maine Award Presentations *11:49 a.m.*

Mr. Wagner presented several awards as part of the Annual Showcase Maine event.

Business at Work for Maine Award: Origin

Lender at Work for Maine Award (most increased partnership): Franklin Savings Bank

Education at Work for Maine Award: University of Maine Pulp & Paper Foundation

Lender at Work for Maine Award (less than \$1.5 billion in assets): Norway Savings Bank

Lender at Work for Maine Award (\$1.5 billion or more in assets): Camden National Bank

D. CEO and STAFF REPORTS

D1: CEO Report *12:09 p.m.*

D1a: Articles of Interest 12:10 p.m.

No questions.

D2: Maine State Grant Decennial Review Update 12:11 p.m.

Ms. Johnston reported that FAME works with several other groups to gather feedback for the Maine State Grant. The core recommendations are increased funding to include finding other sources of revenue to support Maine State Grant as well as make changes to the Grant to allow Summer enrollment, add Pipeline Guarantee for grant recipients, support students who do not fall into traditional education but are pursuing other credentials, and make a dashboard to monitor these programs more closely. The Review will be published January 1, 2021.

D3: Business Division Portfolio Reports

D3a: Snapshot Reports 12:14 p.m.

Mr. Weber reported general trends as CLI trending down and direct loans trending upwards.

D3b: Top Ten Relationships 12:16 p.m.

Ms. Cummings reported that the Top Ten and Watch Desk reports were given at the Business Committee meeting. Ms. Cummings reported positive relationships with the Top Ten and that most of them are on a good track, are in contact with banks, and have payment arrangements.

D3c: Watchdesk Report 12:17 p.m.

Ms. Cummings reported that the Watch Desk was gone over in the Business Committee meeting and can be found in the board packet.

D1c: Harold Alfond Foundation Relationship 12:19 p.m.

Mr. Daigler reported that the Executive Committee had a special session in response to this relationship and requested that a steering committee to be formed to follow this relationship through. Mr. Daigler also reported that his Conflicts of Interest prevent him from making decisions on this matter or participating in the process. Mr. Daigler requested that Mr. Trafton

head the committee and that at least 2 other members participate. He relayed the intention of the Executive Committee as it related to the work of the steering committee.

Mr. Wagner reported that the relationship between FAME and the Harold Alfond Foundation has overall been positive but also reported that there have been difficulties in establishing collaborative marketing relationship for the NextGen 529 product, especially in the legal sense. Ms. Johnston reported that there has been a positive relationship between the staff of the Alfond Foundation and FAME on daily operations.

Ms. Walker expressed surprise at this development. She asked staff if they were surprised, and staff members indicated they too were surprised at the escalation of the matter by ASF.

D1b: PMA Update 12:31 p.m.

Members Johnson and Nightingale exited the meeting at 12:31 p.m.

Mr. Violette moved to enter into Executive Session to discuss records designated confidential by statute (1 MRSA §402(3)(A)). The motion was seconded by Mr. Trafton and approved by a vote of 10 in favor, 0 opposed and 0 abstentions.

Members entered Executive Session No. 3 at 12:33 p.m.

Members exited Executive Session No. 3 at 12:42 p.m.

B3: CEO Performance Review – Executive Session 12:40 p.m.

Member Asen left the meeting at 12:40 p.m.

Mr. Trafton moved to enter into Executive Session to discuss records designated confidential by statute (1 MRSA §402(3)(A)){PERSONNEL MATTERS} Discussion or consideration of the employment, appointment, assignment, duties, promotion, demotion, compensation, evaluation, disciplining, resignation or dismissal of public officials, appointees or employees of the Authority, or the investigation or hearing of charges or complaints against persons, subject to the following conditions:

- a. Public discussion could reasonably be expected to cause damage to the reputation or the individual's right to privacy would be violated:**
- b. Any person charged or investigated shall be permitted to be present upon request;**

- c. Any person charged or investigated may request in writing that the investigation or hearing of charges or complaints be conducted in open session;
- d. Any person bringing charges, complaints or allegations of misconduct shall be permitted to be present.

(1 MRSA §405(6)(A)).

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

Members entered Executive Session No. 4 at 12:45 p.m.

Members exited Executive Session No. 4 at _____p.m.

ADJOURN *p.m.*

A motion was made by M_____ and seconded by M_____ to adjourn and was approved unanimously.

The meeting adjourned at _____ p.m.

Respectfully submitted,

David Daigler, Chair