

**MINUTES OF THE FEBRUARY 26, 2021 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Daigler called the February 26, 2021 meeting of the Finance Authority of Maine to order at 9:04 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**).

Legal Assistant, Summer Knowlton, 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. Knowlton 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
Rebecca Asen
Henry Beck
Dustin Brooks
James Howard, Treasurer
Cheri Walker
Lee Webb (Joined at 9:10 am)
Randy Charette in place of Amanda Beal
Heather Johnson
Christopher Pierce

Those members absent:

James Violette
Omar Andrews
Tim Nightingale
Blue Keim

Staff present:

Carlos Mello, Acting CEO
Christopher Roney, General Counsel
Lisa Brown, Human Resources Manager
Jennifer Cummings, Director of Business Programs
Eva Giles, College Savings Program Manager

Katryn Gabrielson, Deputy General Counsel
Jonathan Harvell, Chief Information Officer
Martha Johnston, Director of Education
Karen Kunesh, Commercial Loan and Workout Officer
Elizabeth Vanderweide, Director of Business Development
Scott Weber, Senior Credit Officer
Summer Knowlton, Legal/HR Assistant
Jeff Murch, Credit Analyst II
Kim Getchell, Commercial Loan Officer

Guests:

Jonathan Tower, Arctaris Impact Investors
Mark Chapleau, Chapleau Law Group
Greg Andrews- Arctaris Saddleback Company
Tom Federle- Federle Law/Arctaris Saddleback
Greg Andrews, Saddleback Mountain
Uche Usuji, Saddleback Mountain
Andy St. Annette- Pennacook Falls
Tony Carter- Pennacook Falls
Bettyann Sheats- (Future Board Member)
Renee Oulette-(Future Board Member
Ken _____ (unaffiliated)

A: CALL TO ORDER

A1: Ascertainment of Quorum 9:04 a.m.

Mr. Daigler welcomed the prospective board members, giving them the opportunity to introduce themselves. Mr. Daigler also recognized and thanked Mr. Pierce and Ms. Walker for their service.

A2: Approval of January 21, 2021 Board Meeting Minutes

A3: Approval of February 17, 2021 Business Committee Meeting Minutes *with revision of the title Acting Chief Executive Officer for Carlos Mello.*

A4: Approval of February 3, 2021 Risk Management and Audit Committee Meeting Minutes

A5: Approval of the January 14 and 29, 2021 and February 11, 2021 Executive Committee Meeting Minutes

A motion was made by Ms. Asen and seconded by Ms. Johnson to approve (1) the minutes of the January 21, 2021 Board Meeting; (2) the minutes of the February 17, 2021 Business Committee Meeting; (3) the minutes of the February 3, 2021 Risk Management and Audit Committee Meeting; (4) the minutes of the January 14 and 29, 2021 and February 11, 2021 Executive Committee Meetings. The motion was approved by a vote of 10 in favor, 0 opposed and 1 abstention(s) (Charette).

B: CHAIR'S REPORT 9:11 a.m.

Mr. Daigler reported that the Business Committee will be meeting monthly instead of quarterly to better suit the needs of FAME customers. Additionally, all other subcommittees will review their charters and bring any changes before the Board.

The CEO Search is going well, but has not reached enough organic applicants to meet expectations. Consequently, the Search Committee will be hiring a search firm.

Mr. Trafton exited the meeting at 9:24 a.m.

Mr. Trafton entered the meeting at 9:26 a.m.

The ASF Steering Committee has been in contact with the Harold Alfond Foundation and will be meeting on March 2, 2021 with FAME staff, before scheduling a meeting with the Foundation.

The ACES Committee met yesterday to review the Program Management Agreement and will give a report later in the meeting.

C: ACTION ITEMS

C4: Approval of Bond Resolution—GIGME 01, LLC (ROSP) 9:38 a.m.

Mr. Roney reported that FAME has been asked to issue conduit bonds for GIGME01, totaling \$27.5 million in combined taxable and non-taxable bonds, the transaction had been previously approved but that it need to be approved again due to a significant delay in closing. However, the issuance of the bonds has been approved per statutory requirements by staff, and staff is recommending approval of this Resolution to formally approve the issuance and authorized staff to sign documents.

A motion to approve of the GIGME01 Bond Resolution was made by Mr. Trafton, seconded by Mr. Brooks, and approved by a vote of 11 in favor, 0 opposed, and 0 abstentions.

C1: Loan Modification Request—Saddleback Community Loan Company (ERLP) 9:44 a.m.

Ms. Cummings reported that the frequent modification requests from Saddleback are in good faith in that the modifications are intended to keep costs as low as possible and in turn maximize return on investment for Saddleback. The mountain's 5 year closure had resulted in a significant hardship to the surrounding community, Rangeley, and therefor the community impact of this loan is high. Ms. Cummings outlined 3 requests, the first being to subordinate to two separate loans, each up to \$5 million, from The First and from Berkshire Bank, respectively, where FAME and MRDA would subordinate their first lien positions on the quad ski lift and the lodge. The second request was to consent to a New Markets Capital Investment with Greenline Ventures with a junior lien on the timberlands at Saddleback. And the last request was to release up to 60 acres of timberland for use as a solar farm. FAME Staff recommended approval of all 3 requests. Mr. Howard added that the Business Committee had reviewed the request and was supportive of staff's position.

A motion to approve of loan modification requests was made by Mr. Brooks, seconded by Mr. Trafton, and approved by a vote of 11 in favor, 0 opposed, and 0 abstentions.

C2: Approval of Certification Application of CCM Community Development 74, LLC for investment into Arctaris Saddleback Equipment Company, LLC (Maine New Markets Capital Investment Program) 10:10 a.m.

Mr. Roney outlined the transaction and recommended approval of this approximately \$1.4 million investment (3rd investment) into Arctaris Saddleback Equipment Company, LLC, with a resulting tax credit of approximately \$580,000. This investment is identical to previous investments approved by the Board.

A motion to approve of the Certification Application was made by Mr. Trafton, seconded by Mr. Brooks, and approved by a vote of 10 in favor, 0 opposed, and 1 abstention (Webb)

C3: Approval of Direct Loan Request- Pennacook Falls Investment, LTD. (ERLP) 10:17 a.m.

Ms. Cummings reported that FAME has an existing Loan Insurance commitment to The First on the first lien financing for this project, but has yet to incur any risk because the commercial loan insurance does not become effective until the construction of the hotel is complete. However, Pennacook has experienced a significant cost overrun and is requesting additional debt from their lender, from FAME and from others, to add to additional equity contributions to cover the overruns. Pennacook is requesting a \$500,000 direct loan from FAME. Mr. Lindquist reported that 2 of the investors in the group, Tony Carter and Andy St. Annette are personally guaranteeing the loan and that financial projections for the hotel have not changed since FAME's earlier review.

A motion to enter Executive Session #1(d) under (1 MRSA §405(6)(F); 1 MRSA §402(3)(A); and 10 MRSA Sec. 975-A)2)(D)) to discuss financial records 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, was made by Mr. Trafton, seconded by Mr. Howard, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

Lee Webb left and rejoined the meeting briefly at 10:25 a.m.

Heather Johnson and Lee Webb left the meeting at 10:50 a.m.

Members exited Executive Session at 10:59 a.m.

A motion to approve of the direct loan request was made by Mr. Trafton, seconded by Mr. Beck, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions.

C5: Approval of Restructure of Program Management (MESP) 11:03 a.m.

Mr. Mello gave a brief introduction of the topic, and suggested that the board go into executive session to discuss in detail.

A motion to enter Executive Session #2 under (1 MRSA §405(6)(F); 1 MRSA §402(3)(A)) to discuss financial matters pertaining to the NextGen 529 Investment Plan was made by Mr. Trafton, seconded by Mr. Brooks, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions.

Members entered Executive Session at 11:07 a.m

Members exited Executive Session at 11:49 a.m.

Mr. Mello stated that, following the Board's review and discussion in executive session, FAME management and staff support approving the proposed modifications to Program Management. These modifications:

1. Allow for continued sales in the Select Series. The Select Series accounts outside of Maine have monetary value to FAME in the form of potential revenue that comes to FAME from the Maine Administration Fee; currently generating approximately \$9 million annually and over \$130 million in revenue since program inception.
2. Allow FAME to keep the Direct and Select Series together which we believe will be better for a future RFP.
3. Maintain national distribution channels for Direct and Select Series.
4. Allow FAME to focus resources to complete the proposed program management modifications and avoid disruption of services.
5. Provide FAME with adequate time for a thorough, objective and transparent RFP process that positions FAME to achieve short and long terms goals for NextGen 529.

Mr. Mello referred the members to the proposed resolution in the materials.

A motion to approve the Resolution was made by Mr. Beck, seconded by Mr. Trafton, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions.

D: CEO Report

Mr. Mello referred members to the material in the board packet, and stated that other staff reports would be moved to next month for discussion. However, he did ask for the board to approve the proposed changes to the Scorecard related to the Staff Incentive Pay program.

Mr. Daigler added that the Executive Committee had reviewed the proposed changes and was supportive of the request, in light of the challenges that staff faced in achieving the existing goals in the aftermath of the Pandemic.

A motion to approve the changes as presented was made by Mr. Trafton, seconded by Ms. Asen, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions.

ADJOURN

A motion was made by Mr. Trafton and seconded by Ms. Asen to adjourn and was approved unanimously.

The meeting adjourned at 12:02 p.m.

Respectfully submitted,

David Daigler, Chair