

**MINUTES OF THE JULY 16, 2020 MEETING OF THE MEMBERS  
OF THE FINANCE AUTHORITY OF MAINE**

Chair Violette called the July 16, 2020 meeting of the Finance Authority of Maine to order at 9:02 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  
James Howard, Treasurer  
Rebecca Asen  
Henry Beck  
Dustin Brooks (9:09 a.m.)  
Blue Keim  
Timothy Nightingale  
Christopher Pierce  
Richard Trafton  
Cheri Walker  
Lee Webb  
Amanda Beal

Those members absent:

Omar Andrews  
Heather Johnson

Staff present:

Bruce Wagner, Chief Executive Officer  
Christopher Roney, General Counsel  
Lisa Brown, Human Resources Manager

Jennifer Cummings, Director of Business Programs  
Eva Giles, College Savings Program Manager  
Jonathan Harvell, Chief Information Officer  
Martha Johnston, Director of Education  
Carlos Mello, Chief Risk Officer  
William Norbert, Governmental Affairs and Communications Manager  
Elizabeth Vanderweide, Director of Business Development  
Scott Weber, Senior Credit Officer  
Kim Bard, Executive/Legal Assistant

**A: CALL TO ORDER**

**A1: Ascertainment of Quorum**

**A2: Approval of June 18, 2020 Board Meeting Minutes**

**A3: Approval of June 18, 2020 Executive Committee Meeting Minutes**

A motion was made by Mr. Trafton and seconded by Mr. Daigler to approve (1) the minutes of the June 18, 2020 Board meeting and (2) the minutes of the June 18, 2020 Executive Committee meeting. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-07-16-20-01

**B: CHAIR'S REPORT**

**B1: Acceptance of the Report of the Risk Management and Audit Committee Meeting of June 25, 2020.**

A motion was made by Mr. Trafton and seconded by Mr. Daigler to approve the Report of Risk Management and Audit Committee meeting of June 25, 2020. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.

R-07-16-20-02

*Dustin Brooks joined the meeting at 9:09 am*

**C1: CEO's Report 9:10 a.m.**

Mr. Wagner reported there are four FAME board members who will either term out (two-term limit reached) or be up for reappointment this fall. Cheri Walker actually finished her final term in September of 2018 and has generously offered to continue her board service until the administration appoints a replacement for her CPA seat. Chris Pierce finishes his official second term in September and Tim Nightingale's first term expires in September. Tim is eligible for

reappointment. Dave Daigler fills the seat reserved for an expert in student financing. He is also eligible for re-appointment.

The Governor's Economic Recovery Committee recently recommended to Governor Mills that the Maine Department of Economic and Community Development (DECD) and the Finance Authority of Maine develop and execute a \$300 million grant program for targeted Maine industries (e.g. tourism, hospitality, agriculture, child care, forestry, fishing and others) negatively affected by the COVID-19 pandemic. Mr. Wagner has reached out to DECD Commissioner, Heather Johnson, to gain early insights and hopefully seed the deployment plan with FAME concepts that can improve the viability and effectiveness of the program. This is a developing situation, and he will keep the board appraised as it unfolds.

Mr. Wagner and Ms. Johnston gave board members an update on The Harold Alfond Foundation joint business plan collaboration. It proposes increasing direct sales and marketing for the NextGen 529 plan in Maine. It is envisioned by Harold Alfond Foundation CEO, Greg Powell, that those additional resources would come from the Foundation itself if we can make a compelling case. Ms. Johnston will make the presentation to the Foundation on Wednesday, July 15<sup>th</sup> along with ASF President Colleen Quint.

Other topics covered in the written CEO 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: Education Quarterly Report Q3 FY20 9:40 a.m.**

Ms. Johnston reported the next Quarterly Report will contain the statistics normally included in this report. Division highlights include the Employee financial wellness program, which has been a subject of attention, commercialization of Claim Your Future and a \$25,000 grant found through the Association of State Treasurers. The balance of the Education Programs are all continuing to be delivered, but now in the virtual environment. Maine Loan for this academic year will be authorized to make loans as of August 1<sup>st</sup>; with the interest rates being 4.49 for loans in immediate repayment, 5.49 if interest only and 5.99 if interest and principal are deferred. Ms. Johnston noted various division performance statistics and commented on Maine State Grant. Eligibility for grants is uncertain due to COVID related matters. College Savings goals and achievements were also reviewed with the board. Ms. Johnston relayed that there is an ongoing conversation around a texting program to reach families, and education program people are working directly with Ms. Vanderweide's group on this. Ms. Johnston reported they are 18 months into an employer outreach and feel like they are hitting their stride. There was a great brainstorming session yesterday on goals for FY 21 and how to get employers engaged.

**C3: Customer Satisfaction Survey 10:00 a.m.**

Ms. Vanderweide reported FAME postponed sending out the customer satisfaction survey by two months due to timing of the COVID-19 effects on business and school interruptions. COVID's effect on the results was a lower response rate of 8% vs. 18%.

The weighted average score was excellent at 4.66 and just missed the goal of 4.67 (five year average plus one percent). Customer feedback was constructive and will be analyzed and plans to improve satisfaction will be executed.

**BREAK: 10:13 to 10:25 a.m.**

**D1: NextGen™ Program Management Renewal Direct Series 10:27 a.m.**

Mr. Wagner explained the current status and the Staff recommendation that the Program Management Agreement for the NextGen Client Direct Series be permitted to automatically renew on July 1, 2021, for an additional two years ending June 30, 2023 unless mutual agreement of the parties warrants termination prior thereto.

**Mr. Brooks moved to enter into Executive Session to discuss records designated confidential by statute (1 MRSA §402(3)(A)). The motion was seconded by Mr. Daigler and approved by a vote of 12 in favor, 0 opposed and 1 abstention (Mr. Webb who had left the meeting temporarily).**

*Members entered Executive Session No. 1 at 10:34 a.m.*

*Ms. Asen exited the meeting at 11:00 a.m.*

*Members exited Executive Session No. 1 at 11:16 a.m.*

**A motion was made by Mr. Brooks and seconded by Mr. Beck to approve the NextGen Program Management Renewal of the Direct Series as presented. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-20-03**

**D2: Adoption of Amended Bond Resolution – GIGME01 11:20 a.m.**

Mr. Roney reported this matter is before the Board for approval of an Amended Bond Resolution in favor of GIGME01, LLC ("GIGME"). GIGME is an entity formed by Genesis Industrial Group to buy the Village Green Ventures' 1MW anaerobic digester in Brunswick on the Brunswick Landing Campus.

Genesis is in the process of renovating the existing digester and building an additional digester to double the facility's capacity and improve performance, allow for the injection or renewable natural gas into the Maine Natural Gas pipeline, and increase revenue and earnings significantly.

GIGME has applied under the Authority's Revenue Obligations Securities Program for FAME to issue non-recourse (or conduit) bonds to pay for the capital expenditures. There are actually two series of bonds, one Tax Exempt, and one Taxable, to pay for expenditures not eligible for tax exempt treatment. The Tax Exempt bonds will not exceed \$13,000,000, and the Taxable will not exceed \$14,500,000, for a total of \$27,500,000. The bonds carry no FAME liability or credit enhancement.

**A motion was made by Mr. Trafton and seconded by Ms. Walker to adopt the Amended Bond Resolution as presented. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-20-04**

**D3: Approval of Bond Resolution – Cheverus High School ROSP 11:24 a.m.**

Mr. Roney reported this matter is before the Board for approval of a Bond Resolution in favor of Cheverus High School. Cheverus has applied under the Authority's Revenue Obligation Securities Program for FAME to issue tax-exempt bonds to refinance prior FAME bonds which financed costs of construction and/or renovation of a gymnasium, kitchen, locker rooms, running track, a new boiler room, science lab and classrooms. The total amount of the requested financing is \$3,312,750.00. The project does not carry any liability or credit enhancement from the Authority.

**A motion was made by Mr. Howard and seconded by Mr. Keim to adopt the Bond Resolution as presented. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-20-05**

**D4: FAME Commercial Loan Exposure to One Borrower 11:27 a.m.**

Mr. Weber reported the FAME Board of Directors is being asked to approve Staff's recommendation concerning aggregate exposure to any one borrower/relationship. The guidance in setting this amount can be found in section BD-003-002 of the Business Division – Legal and Administrative Lending Limits Policy, and is established annually at the beginning of each fiscal year.

Due to the economic uncertainty caused by the current COVID-19 pandemic, FAME Staff recommends the Board maintain the current limit of \$5,250,000. In addition, an incremental exposure to any one Borrower of up to \$2,250,000 has already been established by the Board to address unmet financial need, be limited to up to 75% pro-rata insurance, if the project demonstrates heightened credit quality standards and provides significant public benefit. Combined, any one borrower could receive up to \$7,500,000 in commercial loan insurance. To assure a small number of Borrowers do not represent an excessive percentage of the insured portfolio, the total outstanding of these excess exposures will not exceed \$10,000,000, in aggregate at any time.

FAME Staff also recommends the additional incremental exposure of \$2,250,000 to one Borrower and the aggregate of such exposures of \$10,000,000 remain unchanged.

**A motion was made by Mr. Nightingale and seconded by Ms. Walker to approve the staff's recommendation to maintain the current limit of \$5,250,000 with an additional exposure of up to \$2,250,000 to address unmet financial need with a limit to up to 75% pro-rata insurance for up to \$7,500,000 by any one borrower in commercial loan insurance and the staff's recommendation that the additional incremental exposure of \$2,250,000 to one borrower and the aggregate of such exposures of \$10,000,000 remain unchanged. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-20-06**

**D5: Adoption of Ch. 307, Amendment 9: Maine Seed Capital Tax Credit Program 11:24 a.m.**

Mr. Roney reported this rule amendment is presented to the board for Adoption. The changes to be made are 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 increase the reporting requirements on company and on FAME. The changes track the statute changes, except that certain fees are proposed to be increased to more appropriately reflect the significant work involved in processing applications. Staff recommends this Amendment for Adoption.

**A motion was made by Mr. Trafton and seconded by Mr. Daigler to adopt the amendment for the Maine Seed Capital Tax Credit Program as presented. The motion was approved by a vote of 12 in favor, 0 opposed and 0 abstentions.**

**R-07-16-20-07**

Ms. Cummings shared an update with the board on the COVID Loan Program. The memo provided covers four initiatives to proactively manage COVID-19 risk. They include:

1. Review Allowance for Loan Losses
2. Outreach to banks
3. Financials
4. Proactively Contact WatchDesk Accounts

The full memo can be found in the board packet.

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

None given.

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

The meeting adjourned at 11:52 a.m.

Respectfully submitted,

James Violette, Chair