

**MINUTES OF THE JANURAY 20, 2022 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Daigler called the January 20, 2022 meeting of the Finance Authority of Maine to order at 9:02 a.m. This meeting was conducted both in-person at the Augusta Civic Center and virtually through Zoom. Provisions were made for the public to attend.

Legal Assistant, Summer Knowlton, noted for the record that the members had received an Agenda and Notice of Meeting 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
Dustin Brooks, Treasurer
Greg Olson, in place of Henry Beck
Amanda Beal
Renee Ouellette
Bettyann Sheats
James Howard
Blue Keim
Tim Nightingale (virtual)

Those members absent:

Rebecca Asen
Heather Johnson
Omar Andrews
Lee Webb

Guests:

Jonathan Tower, Arctaris Impact Investors
Greg Andrews, Saddleback Community Loan Company, LLC
Uche Osuji, Arctaris Impact Investors

Staff present:

Christopher Roney, General Counsel
Shelly Desiderio, Chief Accounting Officer (virtual)
Martha Johnston, Director of Education
Elizabeth Vanderweide, Director of Business Development
Jennifer Cummings, Director of Business Programs (virtual)
Scott Weber, Senior Credit Officer
Kim Getchell, Commercial Loan Officer
Summer Knowlton, Legal/HR Assistant

A: CALL TO ORDER

A1: Ascertainment of Quorum 9:02 a.m.

A2: Approval of the minutes of the December 16, 2022 Board Meeting

A motion was made by Mr. Trafton and seconded by Mr. Brooks to approve/accept (1) the minutes of the January 6, 2022 CEO Search Committee Meeting; (2) the minutes of the December 8, 2021 Business Committee Meeting; and (3) the minutes of the December 16, 2021 Board Meeting. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions.

B: CHAIR'S REPORT 9:05 a.m.

Mr. Brooks updated the Board on the status of the CEO Search process, where the Committee will be making a recommendation to the Governor in the coming weeks and will have a formal recommendation at the February Board Meeting.

.Mr. Trafton reported that FAME had received the legal opinion from hired outside counsel on the legal issues at hand between FAME and HAF, specifically on the risks to FAME in HAF marketing 529 accounts. Mr. Trafton summarized the legal opinion on FAME and HAF/ASF's relationship. The opinion, as noted by Mr. Trafton, concluded that FAME has little risk in the promotion of these accounts by HAF and that there are methods of mitigating that risk. Mr. Trafton reported that he will be meeting with Greg Powell, President of the Harold Alfond Foundation, in the coming weeks and that it is his hope that FAME and HAF/ASF are able to work with the Bank of New York Mellon together or separately to find alternative methods of saving for college. Additionally, FAME and HAF/ASF will be working on a new agreement in the future.

Mr. Nightingale entered the meeting at 9:15 a.m., virtually.

B: CEO and Staff Reports 9:25 a.m.

Mr. Roney gave the legislative update, highlighting several bills of interest to FAME including a bill to allow remote meetings for FAME, another to allow changes to the Maine Seed Capital Tax Credit Program, and the State Ceiling for Private Activity Bonds.

Ms. Vanderweide presented the results of the annual Pan Atlantic Research Omnibus Poll, which found that there is an overall positive view of FAME and gave insights into the general public's awareness of all of FAME's programs.

Ms. Johnston gave the education programs quarterly update, highlighting FAME's efforts in college access counseling to improve FAFSA completion rates in Maine students. Overall, FAFSA completion rates are down but even more so in returning students and young men. Ms. Johnston reported that FAME is trying to combat this as much as possible by offering more resources, more FAFSA nights, going in to schools, and working with parents. Ms. Johnston also reported that she is working to submit business cases for incoming American Rescue Plan Act funding, and specifically is focusing on the Doctors for Maine and Healthcare Provider Loan Repayment programs for the funding.

C: ACTION ITEMS

C1: Approval of Commercial Loan Insurance Request- Saddleback Community Loan Company, LLC 10:06 a.m.

Ms. Getchell introduced a request for Commercial Loan Insurance from Arctaris/Saddleback Community Loan Company, LLC. She reported that FAME Staff analyzed the request on 3 fronts: public benefit, the State's exposure as a percentage of total capital, and the credit quality of the proposed financing. While the request was for 75% insurance, FAME Staff recommendation would instead agree to 50% pro-rata insurance on a \$5.5 million loan with a 180-month amortization schedule, leaving FAME exposure at \$2.75 million. The insurance would be collateralized with first lienholder position on 1600 acres of timberland and the mid-mountain lodge, where construction is expected to be completed by early Spring 2022. The loan insurance is additionally collateralized with second lienholder position on all business assets, another parcel of timberland (3700 acres), the quad lift, and base lodge. If the request is approved, the State Exposure through FAME and MRDA will make up 13% of the proposed financing through April 30, 2022 and 7% through 2028. FAME Staff also determined that the public benefit of the project was too great to not participate in as the revitalization of the mountain has returned jobs to the local area, increased real estate value, and will continue to be a driver of economic development in rural, western Maine. The mountain hosted 72,000 skiers in the 2020-2021 season and is projected to host much more this coming winter.

Ms. Getchell highlighted that a policy exception is needed for the request due to no personal guarantee. Additionally, this request would be precedent-setting due to the unique relationship between Arctaris Impact Investors, LLC (the Lender) owning Saddleback Community Loan Company, LLC (the Borrower.)

Mr. Nightingale reported on the conversations held in Business Committee before the recommendation for approval before the board was made. Though the Business Committee did vote in favor, Mr. Nightingale was a dissenting vote and highlighted concerns in collateral for this particular request and a lack of ability to meet debt service.

Mr. Roney gave the legal perspective on the request, again highlighting that this request, if approved, would set precedent at FAME in the lender-borrower relationship. However, Mr. Roney reported that the risk of this relationship can be mitigated by language in the agreement that would allow FAME to regularly monitor the activities of the lender, Arctaris, as if it were a traditional bank. Mr. Roney noted that the current request is drastically different from the previously approved request in January of 2021,

making this risk greater than originally envisioned, but in his view was still able to be mitigated by the Loan Insurance Agreement.

A motion to enter Executive Session under 10 MRSA §975-A(2)(B) and 10 MRSA §975-A(2)(D) was made by Mr. Brooks, seconded by Mr. Trafton, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions. (1 additional vote was cast virtually.)

Members entered Executive Session No. 1 at 10:24 a.m.

Members exited Executive Session No. 1 at 11:20 a.m.

Mr. Howard congratulated Arctaris/Saddleback on their significant contribution to the people of FAME and for revitalizing the mountain. Ms. Beal echoed the congratulations, and also noted that she is in support of the project despite cash flow and collateral concerns because of the public benefit of more outdoor places for Mainers and visitors to recreate, especially in such a rural and economically depressed area. Mr. Daigler noted that although Commissioner Johnson was not present, that she had reviewed and is in support of the request. Mr. Keim also expressed his support for the request for the people of Maine and noted that he saw this request as less risky than the previously approved request in January of 2021. Mr. Roney described a potential resolution to approve the request for board consideration:

Approval of the request, as described in Credit Analysis and the presentation to the members, including the following terms and findings:

1. Approval of 50% pro-rata Commercial Loan Insurance on a \$5.5 million loan from Arctaris Impact Investors, LLC to Saddleback Community Loan Company, LLC, with a 180 month virtual amortization schedule, with such amount and such terms being prudent and necessary;
2. the release of the Arctaris Solar, LLC as a guarantor of the direct loan ;
3. that the application is complete, and the Borrower and the Project are eligible, and the Borrower is creditworthy and of good character;
4. that significant public benefit will result from the project;
5. that the request complies with the FAME Act, the rules of the Authority, and the credit policy with an approval of an exception to loan policy requirement of personal guarantees due to extraordinary public benefit and significant equity in the project;
6. that there is a reasonable prospect of the loan being paid, the loan is secured by appropriate levels of collateral, and the Lender will service the loan as required; and
7. the Borrower is not known to be in violation of any law a, and that an environmental compliance certificate will be completed.

A motion to approve the resolution as stated was made by Mr. Brooks, seconded by Mr. Trafton, and approved by a vote of 9 in favor, 1 opposed (Nightingale, virtually), and 0 abstentions.

Ms. Johnston introduced several new FAME employees:

Christopher Young- NextGen College Savings Counselor
Maire Pelletier- NextGen College Savings Counselor
Sarah Newcomb- Financial Education Program Specialist
Isaac Keiran- Financial Education Program Intern

The meeting adjourned at 11:29 a.m.

Respectfully submitted,

David Daigler, Chair