

**MINUTES OF THE DECEMBER 16, 2021 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Daigler called the December 16, 2021 meeting of the Finance Authority of Maine to order at 9:05 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
Henry Beck
Amanda Beal
Renee Ouellette
Rebecca Asen (virtual)
Bettyann Sheats (virtual)
Heather Johnson (virtual)
James Howard
Blue Keim
Tim Nightingale

Those members absent:

Omar Andrews
Lee Webb

Staff present:

Carlos Mello, Acting Chief Executive Officer
Christopher Roney, General Counsel
Shelly Desiderio, Chief Accounting Officer
Martha Johnston, Director of Education
Elizabeth Vanderweide, Director of Business Development (virtual)
Jennifer Cummings, Director of Business Programs
Summer Knowlton, Legal/HR Assistant

A: CALL TO ORDER

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

A2: Approval of the minutes of the October 21, 2021 Board Meeting

A motion was made by Mr. Trafton and seconded by Mr. Brooks to approve/accept (1) the minutes of the November 9, 2021 Executive Committee Meeting; (2) the minutes of the December 2, 2021 Education Committee Meeting; (3) the minutes of the August 24, 2021 Advisory Committee on Education Savings Meeting; and (4) the minutes of the November 18, 2021 Board Meeting. The motion was approved by a vote of 9 in favor, 0 opposed and 0 abstentions. (3 additional votes were cast virtually.)

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

Mr. Trafton updated the committee on a recent meeting of the Alford Scholarship Foundation, where ASF had acknowledged that there may be alternative methods to get the Alford Grant to Maine children other than Maine's Education Savings Program, NextGen 529.

Mr. Brooks updated the board on the CEO Search process, which will resume in January 2022 with the goal of confirming before the end of the next legislative session, which is March of 2022.

C: ACTION ITEMS

C1: Approval of Maine Loan Underwriting Policy 9:20 a.m.

Ms. Johnston presented a change to the Maine Loan Underwriting Policy, which would eliminate the trigger for a manual review on requested student loan amounts greater than \$20,000. Ms. Johnston noted that less than 2% of all loans manually reviewed by this automatic trigger were denied and that no other lenders in the network use a similar policy. Ms. Johnston also reported that the policy changes has been reviewed by FAME's Acting CEO, Senior Credit Officer, and General Counsel.

A motion to approve the policy was made by Mr. Keim, seconded by Mr. Howard, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions. (3 additional votes in favor were cast virtually.)

C2: Approval of 2022 NextGen 529 Maine Grant Programs Terms and Conditions 9:26 a.m.

Ms. Johnston reviewed the 2022 Terms and Conditions for Maine Grant Programs, which changes language to provide more clarity regarding grants for Maine accounts to include the Harold Alford College Challenge Grant, the Automated Funding Grant, and the Initial Matching Grant.

A motion to approve the terms and conditions was made by Mr. Brooks, seconded by Mr. Howard, and approved by a vote of 8 in favor, 0 opposed, and 1 abstention (Johnson, virtually). (2 additional votes in favor were cast virtually.)

C3: Election of 2022 FAME Board of Directors Officers 9:32 a.m.

Ms. Asen presented the recommendation from the Nominating Committee, which was to re-elect Dave Daigler as Chair, Richard Trafton as Vice-Chair, and Dustin Brooks as Treasurer.

A motion to elect the slate of officers presented by the Nominating Committee was made by Mr. Nightingale, seconded by Ms. Asen, and approved by a vote of 9 in favor, 0 opposed, and 0 abstentions. (3 additional votes in favor were cast virtually.)

D: CEO and Staff Reports 9:35 a.m.

Mr. Mello updated the Board on the status of the six strategic priorities, beginning with the NextGen Program Services Agreement Transition, which has been fully transitioned. However, FAME was informed that the record-keeping of NextGen will now be done by VestWell, a start-up company that the Bank of New York Mellon (BNY) has a minority investment in. Mr. Mello said that FAME is waiting on some sort of assurance agreement from BNY, however has been reassured by colleagues in the 529 space that NextGen is in good hands with VestWell. As it also related to NextGen, Mr. Mello reported that FAME has hired two new College Savings Counselors to assist families in saving for college. Mr. Mello further reported that the Office of Program Evaluation and Government Accountability's report on the Maine Seed Capital Tax Credit Program is being removed from the Strategic Priorities list as FAME waits for new legislation in the next session regarding the program and any potential changes that could be made to it. FAME will move to an internal review of all programs as a proactive measure to identify deficiencies similar to those noted by OPEGA in the Seed Capital Tax Credit Program, and Mr. Mello will work with the Executive Committee to prioritize that effort.

A new priority has been added to the list, which is the deployment of American Rescue Plan Act and State Small Business Credit Initiative funds. Both applications have been submitted and FAME is expecting the funds in February. Additionally, in other developments, Mr. Mello advised that FAME hired a Financial Education Programs Specialist that will begin in January and it has issued a request for proposals for a behavioral scientist to help expand the financial education program. Lastly, Mr. Mello reported that FAME business programs added \$37 million in new lender debt to date in FY2022.

Ms. Beal left the meeting at 9:50 a.m.

Ms. Cummings updated the Board on an upcoming Business request, which will be coming to the Board in January and is on behalf of Arctaris Impact Fund/Saddleback Maine.

Mr. Weber reviewed the first quarter snapshot reports for both the CLI and Direct Loan portfolios. The Direct Loan portfolio has not seen a large increase in volume for new loans, but has also not paid any claims or experienced higher than normal delinquency. The CLI portfolio volume has increased slightly, which can be attributed to the increase in On-Line Answer (OLA) maximum insurance amount. This increase has allowed banks who regularly do business with FAME to give their customer's access to insurance on higher exposure amounts and has brought new business from banks that do not typically interact with FAME regularly. These changes, as well as changes in market forces, has increased FAME's average loan amount from \$200,000 in FY2021 to \$420,000 in the first quarter of FY2022, an average based off of 87 loans closed so far.

Ms. Kunesh reported that there is no significant activity to the WatchDesk, other than 2 accounts being removed due to being paid in full. One new account was added due to opening the business, a brewery, right before the beginning of the pandemic and therefor had a tough start.

Mr. Mello gave the maximum contribution to NextGen 529 update, where the 2022 maximum contribution is set to \$520,000. This amount is determined by calculating 5 years of tuition, fees, and room and board for private, undergraduate education in New England plus the cost of the most expensive master's program in New England.

Mr. Norbert gave an update on Chapter 620, the Maine Health Care Provider Loan Repayment Pilot Program. FAME received feedback on the proposed rule from several healthcare organizations in the state and made substantial changes to the rule. The public comment period for the new version of the rule will be reopened for 30 days before coming to the board for potential adoption in February.

The meeting adjourned at 11:00 a.m.

Respectfully submitted,

David Daigler, Chair