

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

Chair Daigler called the October 20, 2022 meeting of the Finance Authority of Maine to order at 9:01 a.m. This meeting was conducted both in-person at the offices of the Authority at 5 Community Drive, Augusta, Maine 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
Rebecca Asen
Henry Beck (joined at 9:04 a.m.)
Renee Ouellette
Jennifer Hogan
Blue Keim
Fritz Onion
Steve Shannon
Heather Johnson (joined at 9:07 a.m.)
Amanda Beal
Jean Hoffman
William Tracy

Those members absent:

Omar Andrews

Guests:

Pattie Davidson, Landmark
Richard Cyr, Baker Newman
Matt Fernandez, Baker Newman
Trevor Kenkel, Springworks Farm Maine

David Kenkel, Springworks Farm Maine
Fred Horton, Standard Biocarbon

Staff present:

Christopher Roney, General Counsel
Shelly Desiderio, Chief Accounting Officer
Martha Johnston, Director of Education
Jennifer Cummings, Director of Business Programs
Bert Audette, Chief Information Officer
Scott Weber, Senior Credit Officer
Eva Giles, NextGen Program Manager
Jeff Murch, Credit Analyst
Ellen Curtiss, Credit Analyst
Jay Beck, Accountant
Summer Knowlton, Legal/HR Assistant

A: CALL TO ORDER

A1: Ascertainment of Quorum 9:00 a.m.

A2: Approval of the September 8 and 22, 2022 Executive Committee Meeting Minutes

A3: Approval of the October 6, 2022 Risk Management and Audit Committee Meeting Minutes

A4: Approval of the September 15, 2022 Board Meeting Minutes

A motion was made by Mr. Trafton and seconded by Mr. Brooks to approve/accept (1); the minutes of the September 8 and 22, 2022 Executive Committee Meetings; (2) the minutes of the October 6, 2022 Risk Management and Audit Committee Meeting (2) the minutes of the September 15, 2022 Board Meeting. The motion was approved by a vote of 11 in favor, 0 opposed, and 2 abstentions (Hogan and Tracy).

B: ACTION ITEMS 9:08 a.m.

B1: Approval of Loan Insurance Request- Springworks Farm Maine, Inc. 9:08 a.m.

Ms. Getchell presented the Commercial Loan Insurance request, where Farm Credit East is requesting 75% pro-rata commercial loan insurance on a \$5 million construction/permanent loan and a \$1 million line of credit. Ms. Getchell noted that the request is 26% of the total financing package to construct a fourth greenhouse, provide working capital, and refinance existing debt.

A motion to enter Executive Session No. 1 to discuss confidential business matters under 10 MRSA §975-A(2)(B) was made by Mr. Brooks, seconded by Mr. Trafton, and approved unanimously.

Members entered Executive Session No. 1 at 9:15 a.m.

Members Exited Executive Session No. 1 at 9:45 a.m.

A motion to approve the request was made by Mr. Brooks, seconded by Mr. Trafton, and approved by a vote of 13 in favor, 0 opposed, and 1 abstention (Asen.)

Ms. Asen recused herself from the vote due to Springworks being a client of her employer, Bernstein Shur.

B2: Approval of Loan Request- Standard Biocarbon 9:52 a.m.

Ms. Getchell presented the loan request, where Standard Biocarbon is requesting a \$800,000 direct loan as part of a capital stack with CEI and MTI, to provide working capital and purchase two kilns that turn sawmill waste into biochar. Standard Biocarbon was previously approved by the FAME Board in May of 2021, however, the company found it more beneficial to co-locate with Pleasant River Lumber, where the raw materials for biochar are readily available from the lumber mill, and the excess heat from the biochar kilns will be used to heat part of the lumber mill. The current request will be using SSBCI funds, which requires all lenders to have 20% capital at risk, therefore FAME and CEI will each contribute \$800,000 in loans and share an intercreditor agreement, differing from the original request where FAME was a participant in a larger loan provided by CEI (without SSBCI funding). Additionally, MTI will contribute a \$400,000 loan. FAME's loan will be secured with a first position shared lien with CEI/MTI on all business assets. Ms. Getchell noted the significant public benefit in that the business is a new technology that will create jobs as the business grows. Guest Fred Horton provided additional background on the project, explaining this technology's potential for growth in the lumber industry, especially in Maine, and the opportunities that biochar provides to the state in reducing the effects of climate change and entering a new industry by also selling carbon credits.

Ms. Beal expressed the Business Committee's support of the project and its significant public benefit as a new technology that mitigates the effects of climate change.

A motion to approve the request was made by Mr. Brooks, seconded by Mr. Trafton, and approved by a vote of 14 in favor, 0 opposed, and 0 abstentions.

B3: NextGen 529 Audit *10:13 a.m.*

Pattie Davidson from Landmark reviewed the FY2022 NextGen 529 Audit, which had no major findings or adjustments. Due to the transition of Program Manager from Merrill Lynch to Bank of New York Mellon, Ms. Davidson noted that 100% of the assets and investment expenses were confirmed and 97% of assets had not yet been transferred from Merrill to BNY. Additionally, Landmark issued an addendum to their opinion because they were asked to prepare financial statements on behalf of BNY.

A motion to enter Executive Session under 10 MRSA §975-A(2)(D) to discuss audit matters with Pattie Davidson was made by Mr. Trafton, seconded by Mr. Brooks, and approved unanimously

Staff exited the meeting at 10:23 a.m.

Staff re-entered the meeting at 10:40 a.m.

A motion to approve the FY2022 NextGen 529 Audit was made by Mr. Trafton, seconded by Ms. Asen, and approved unanimously.

B4: Approval of FY2022 FAME Audit

Mr. Cyr and Mr. Fernandez from Baker Newman Noyes reviewed the FAME Audit, where there were no major findings. They noted that next year, there will be additional requirements of the audit because of the federal funding that FAME will receive from the American Rescue Plan Act and the State Small Business Credit Initiative. Ms. Asen noted that the Risk Management and Audit Committee unanimously recommended approval of the audit.

A motion to approve the FY2022 FAME Audit was made by Mr. Tracy, seconded by Mr. Trafton, and approved unanimously.

B5: MaineLoan Additional Funding—Reimbursement Resolution

Ms. Johnston presented the request, where due to competitive interest rates, the Maine Loan program reached oversubscription and paused applications in early October and is now seeking bridge funding to issue loans for the remainder of the 2022-2023 school year, until the next bond indenture in May of 2023. The request is to lend an additional \$5.7 million, where \$1.7 million of the funding would come from recycled funds on hand and the remaining \$4 million would come from a local lender. Ms. Johnston noted that FAME has engages several local lenders and is expecting proposals soon. If approved, the Maine Loan would be able to resume lending in November.

A motion to approve the Reimbursement Resolution was made by Mr. Trafton, seconded by Mr. Brooks, and approved by a vote of 14 in favor, 0 opposed, and 0 abstentions.

C: Thrive and Grow Update 11:04 a.m

Ms. Cummings reported that the Thrive Maine portal was closed on October 19 at noon due to oversubscription. This initial round of American Rescue Plan Act funding was \$29 million, versus over \$200 million in requests, most of which were in the loss of EBITA (earnings before interest, taxes, and depreciation) category. The only part of the Thrive program that was undersubscribed was the category for B-Corps, ESOPs, and Co-Ops, which the FAME team is doing outreach to these businesses. Ms. Cummings discussed reporting requirements as well as how FAME will track the funding.

Mr. Mello updated the board on SSBCI, or Grow Maine, which has received \$13 million in applications between FAME and its partner organizations throughout the State.

D: Chair's Report 11:35 a.m.

Mr. Daigler reported that the relationship between FAME and HAF/ASF is significantly improving. Mr. Trafton reported that he and FAME Staff received the 2nd draft joint marketing agreement from HAF/ASF and will provide their review soon.

Mr. Beck reported the Nominating Committee's recommendations for board officers for the next election:

Richard Trafton- Chair
Dustin Brooks- Vice Chair
Rebecca Asen- Treasurer

ADJOURN- 11:46 A.M