

**MINUTES OF THE NOVEMBER 17, 2022 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Daigler called the November 17, 2022 meeting of the Finance Authority of Maine to order at 1:00 p.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
Renee Ouellette
Blue Keim
Fritz Onion
Steve Shannon joined at (1:10 p.m.)
Heather Johnson
Amanda Beal
Jean Hoffman (joined at 1:06 p.m.)
William Tracy

Those members absent:

Blue Keim
Heather Johnson
Omar Andrews
Jennifer Hogan

Guests:

James Gehrke, Bangor Savings Bank
Marcus Sibley, Bangor Trucking, LLC
Kyle Mahan, Bangor Trucking, LLC

Brian Breland, KV Tooling

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
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 October 13 and 27, 2022 Executive Committee Meeting Minutes

A3: Approval of the October 13, 2022 Business Committee Meeting Minutes

A4: Approval of the October 20, 2022 Board Meeting Minutes

A motion was made by Mr. Trafton and seconded by Mr. Brooks to approve/accept (1); the minutes of the October 13 and 27 Executive Committee Meetings; (2) the minutes of the October 13, 2022 Business Committee Meeting (2) the minutes of the October 20, 2022 Board Meeting. The motion was approved by a vote of 8 in favor, 0 opposed, and 0 abstentions.

B: CHAIR'S REPORT 1:05 p.m.

Mr. Daigler highlighted the Executive Committee's focus on FAME's strategic priorities, especially in the Thrive and Grow programs and continued cooperation with HAF/ASF.

C: ACTION ITEMS

C1: Approval of Borrowing Resolution- Maine Loan 1:09 p.m.

Mr. Roney presented the borrowing resolution, which gives FAME the authority to borrow bridge funds to make additional education loans until the 2023-2024 school year bond indenture in May of 2023. The resolution authorizes FAME to borrow \$4 million from Bangor Savings Bank,

pledging \$1.7 million from the fund balance of FAME's participation in the Federal Direct Loan Program as security along with all loans made from the proposed funding and any proceeds.

A motion to approve the resolution was made by Mr. Trafton, seconded by Mr. Beck, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

D: ACTING CEO REPORT *1:13 p.m.*

Mr. Mello reported that the business division of FAME had generated over \$38 million in new lender debt for the first quarter of FY2023, a 40% increase from the previous year. Mr. Mello also reported that the Thrive program would be issuing award letters to those selected in the coming weeks, then the next round of funding will be available in the calendar year 2023. These funds will be targeted towards the areas and industries of the state needing the most assistance, which FAME will be better able to differentiate based on the data received in the first pool of applications. Additionally, negotiations with HAF/ASF on the joint marketing agreement are continuing to move forward in addition to conversations about privacy. Mr. Mello also reported that the economic development finance portal is almost complete.

C: ACTION ITEMS *(continued)*

C2: Approval of Loan Request- KV Tooling LLC *1:35 p.m.*

Ms. Getchell presented the request for a \$1,200,000 term loan to purchase equipment, build an addition to the existing commercial property, and provide working capital. \$600,000 of the loan will be contributed by FAME and the other \$600,000 will come from the Grow Maine Program (SSBCI funds.) Due to the Total Debt to EBITDA being greater than 4.0, the request is a leveraged transaction. For leveraged transactions, FAME Policy requires that the debt in excess of the tangible collateral value be paid down by at least 50% over a 5 to 7-year period. With the proposed structure, the debt in excess of the tangible collateral value will be fully paid down in just under 7 years, complying with policy. Ms. Getchell noted the public benefit of the project in that, despite being a small employer, KV Tooling provides medical, dental, and vision insurance to its current employees and will hire several more to operate the new machinery.

Guest Brian Breland reported that they have had to turn away business due to lack of capacity, which will be relieved after the construction and purchase of the new CNC machine. The borrower also reported that there is high demand for the tools that they custom-make and that there are very few competitors in the State.

A motion to approve the request was made by Mr. Trafton, seconded by Mr. Tracy, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

B2: Approval of Loan Insurance Request- Bangor Trucking, LLC 1:50 p.m.

Ms. Cummings presented the request for commercial loan insurance on a \$1,522,300.00 term loan and a \$1,500,000.00 line of credit for Bangor Trucks, LLC, with each loan insured by FAME at 49.5%. The loans will allow the borrower to purchase all business assets of Bangor Truck & Trailer sales. As part of the capital stack, the Guarantor, Marcus Sibley, is injecting \$640,000 and the seller will hold a note for \$200,000. Separately, the Lender will also be providing a \$337,700 equipment revolver to support the purchase of existing and future equipment. Ms. Cummings noted the risks associated with the transaction, in that collateral coverage is insufficient per FAME policy, however, the proposed loan structure would allow the loan to be paid down by 54% in the first 5 years and 65% in the first 7, therefor complying with FAME's leveraged lending policy. Risks associated with the transaction are further mitigated by reducing the original insurance request of 80% to share more risk with Bangor Savings Bank and additional collateral from Mr. Sibley's personal residence. Ms. Cummings reported that FAME staff recommends approval.

Guest James Gehrke, from Bangor Savings Bank, presented the loan and discussed the trucking industry, particularly in Maine, and noted that Bangor Trucks has pre-sold all trucks on order and that they expect this trend to continue. Mr. Gehrke noted the location of the business, as Bangor is a key component of the supply chain to and from Northern Maine.

A motion to approve the request was made by Mr. Trafton, seconded by Mr. Tracy, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

D: STAFF REPORTS

Ms. Desiderio presented the first quarter financial results of FY2023, which were favorable in all areas except for NextGen income due to market losses. Ms. Desiderio reviewed the required communications of contributions, memberships, and dues.

E: REPORT OF NOMINATING COMMITTEE AND ANNUAL ELECTION OF OFFICERS 2:23 p.m.

Mr. Beck presented the following nominations from the committee

Richard Trafton, Chair

Dustin Brooks, Vice Chair

Rebecca Asen, Treasurer

A motion to elect the board officers as nominated by the committee was made by Mr. Beck, seconded by Mr. Onion, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

F: Acting CEO Performance Review 2:29 p.m.

A motion to enter Executive Session to discuss personnel matters under 1 MRSA §405(6)(A) was made by Mr. Trafton, seconded by Mr. Brooks, and approved by a vote of 14 in favor, 0 opposed, and 0 abstentions.

Members entered Executive Session No. 1 at 2:29 p.m.

Members exited Executive Session No. 1 at 2:50 p.m.

A motion to approve the resolution for the CEO compensation and bonus structure was made by Mr. Beck, seconded by Ms. Asen, and approved by a vote of 10 in favor, 0 opposed, and 0 abstentions.

ADJOURN- 3:00 P.M