

**MINUTES OF THE FEBRUARY 16, 2023 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Trafton called the February 16, 2023 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:

Richard Trafton, Chair
Dustin Brooks, Vice Chair
Rebecca Asen, Treasurer
Henry Beck
Renee Ouellette
Blue Keim
Fritz Onion
Steve Shannon
Heather Johnson (joined at 9:05)
Nancy McBrady, in place of Amanda Beal
Jean Hoffman
William Tracy
Blue Keim
Heather Johnson
Jennifer Hogan

Those members absent:

Omar Andrews

Guests:

Cynthia Beavais
Holly Fauber
Crystal Canney, Protect Downeast
Diana Fletcher, Kingfish Maine
Mike Cleary, MAC Financial
Jean-Charles Valette, Kingfish Maine

Megan Sorby, Kingfish Maine

Staff present:

Carlos Mello, Acting Chief Executive Officer
Christopher Roney, General Counsel
Shelly Desiderio, Chief Accounting Officer
Martha Johnston, Director of Education
Jennifer Cummings, Director of Business Programs
Laura Rigby, Contractor
Bert Audette, Chief Information Officer
Scott Weber, Senior Credit Officer
Summer Knowlton, Legal/HR Assistant

A: CALL TO ORDER

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

A2: Approval of the January 12, 2023 Executive Committee Meeting Minutes

A3: Approval of the January 12, 2023 Business Committee Meeting Minutes

A4: Approval of the February 1, 2023 Risk Management and Audit Committee Meeting Minutes

A4: Approval of the January 19, 2023 Board Meeting Minutes

A motion was made by Mr. Daigler and seconded by Mr. Brooks to approve/accept (1); the minutes of the January 12, 2023 Executive Committee Meetings; (2) the minutes of the November 10, 2022 Business Committee Meeting (2) the minutes of the November 17, 2022 Board Meeting. The motion was approved by a vote of 11 in favor 0 opposed, and 0 abstentions.

Ms. McBrady entered the meeting at 9:06 a.m.

Ms. Johnson entered the meeting at 9:03 a.m.

B: CHAIR'S REPORT 9:08 a.m.

Mr. Trafton reported the Executive Committee's focus on the HAF/ASF agreement negotiations. Mr. Trafton also reported that due to lack of attendance, the April board retreat will be moved to a later date in the Fall.

Ms. Asen entered the meeting at 9:22 a.m.

C: ACTING CEO REPORT 9:11 a.m.

Mr. Mello reported that FAME had created \$72 million in lender debt in the first 6 months of FY23, 29% over the same time last year. Mr. Mello also reported that through February 8, 2023, \$10 million in loans have been closed or committed for the Grow Maine program. Mr. Mello highlighted some education activities including financial wellness and the behavioral science research behind the college savings plan being carried out by ideas42. Lastly, Mr. Mello reported that FAME is ahead of budget primarily due to the receipt of the State cascade transfer of \$2 million.

Ms. Desiderio presented the financial results for the first half of FY23, again noting the budget surplus due to the state cascade. Ms. Desiderio reviewed the communications on sponsorships, contributions, and dues and reported one non-budget sponsorship for the Maine Bankers Association to attend their trade show.

D: ACTION ITEMS

D1: Updated Approval of Loan Insurance Request- Springworks Farm Maine, LLC 9:39 a.m.

Ms. Getchell and guest Kyle Puzace from Farm Credit East presented the updated loan insurance request, where the appraisal of Springworks came in lower than anticipated, creating a material change and the need for a re-approval.

A motion to enter Executive Session under 10 MRSA §975-A(2)(D) to discuss the financial records of Springworks was made by Mr. Brooks, seconded by Mr. Daigler, and approved unanimously.

Members entered Executive Session No. 1 at 9:44 a.m.

Members exited Executive Session No. 1 at 9:54 a.m.

Mr. Mello, Ms. Hoffman, and Ms. Beal expressed their continued support of Springworks and the public benefit the project brings to the area in good paying jobs, new technology that addresses climate change, and their contribution to the Maine food system.

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

Ms. Asen abstained from the vote due to a conflict at her place of employment.

D2: Approval of Loan Request- MAC Financial 9:57 a.m.

Mr. Lindquist presented a loan request for MAC Financial to purchase an existing business, Prime Financial, which provides financial planning and investment advice as well as health insurance with \$65 million in assets under management. However, the loan is essentially unsecured with a loan to discounted value ratio of 12,270% due to the nature of the business being client/portfolio based. Guest Mike Cleary of MAC Financial discussed his relationship with the previous owner and clients and future business plans to expand into employer-offered benefits. Mr. Cleary and his spouse are providing personal guarantees as well as a junior mortgage on their personal residence. FAME Staff recommends approval because the loan would allow the business to stay owned and controlled locally.

A motion to approve the loan request was made by Ms Ouellette, seconded by Mr. Beck, and approved by a vote of **14 in foavor, 0 opposed, and 0 abstentions.**

D3: Approval of Loan Insurance Request- Kingfish Maine, LLC 10:09 a.m.

Mr. Beck presented the loan insurance request for Kingfish Maine, where Machias Savings Bank is requesting 90% pro-rata insurance on a \$2 million bridge loan for the initial construction costs of an aquaculture facility in Jonesport, Maine. Mr. Beck noted that FAME credit is declining approval, however, the rest of FAME Staff is recommending approval due to the significant public benefit the project would bring to the economically depressed area.

Mr. Beck reported that Kingfish Maine will use the funds for initial construction costs of a vertically integrated aquaponic Kingfish farm in Jonesport, Maine. The initial funding would support 5-10 full time employees. Machias Savings Bank is requiring that Kingfish hold \$400,000 in a controlled account to mitigate risk associated with the loan due to a lack of a source of repayment of the loan. Mr. Beck noted that the loan meets the definition of leveraged lending, with a debt to EBITA ratio of >4.0.

A motion to enter Executive Session No. 2 to discuss the financial records and future business plans under 10 MRSA §975-A(2)(B) and 10 MRSA §975-A(2)(D) was made by Mr. Brooks, seconded by Mr. Daigler, and approved by a vote of 14 in favor, 0 opposed, and 0 abstentions.

Members entered Executive Session No. 2 at 10:17 a.m.

Members existed Executive Session No. 2 at 10:33 a.m.

Guest Jonathan Alley from Machias Savings Bank again reported that the commercial loan insurance, if approved by FAME, would provide bridge financing for Kingfish to support the project until they are able to obtain bond financing. The loan is structured under the assumption that the bond financing would repay Machias Savings in full before the maturity of the loan. Mr. Alley reported the extensive public support he has seen from the Jonesport area, attributing that support to the extensive public outreach that Kingfish has conducted throughout the community. Mr. Alley also reported that the public continues to support Kingfish in ballot measures, where a moratorium on aquaponics went to referendum in Jonesport and was overturned 2 to 1 in addition to successfully overturning a permit appeal from the public.

Guest Megan Sorby from Kingfish reported that the company is continuing to work to better the surrounding community by training and building the workforce in all phases of the project, including construction.

Ms. Johnson expressed her support on behalf of the Department of Economic and Community Development.

Mr. Daigler expressed his support of the project, noting that the marine industry in Maine is in transformation and that it is critical that FAME support it.

Mr. Keim noted his support of the project because of the new, innovative technology it will bring to Maine and that he felt comfortable with the technology as proven in the Netherlands.

Ms. McBrady expressed her support on behalf of the Department of Agriculture, Conservation, and Forestry because of aquaculture's ability to combat climate change and provide additional sources of food production.

Chair Trafton recognized members of the public in attendance and, noting that it was not a public hearing, nevertheless invited them to make statements should they so choose.

Guest Cynthia Beauvais, a Jonesport resident, expressed her concerns with the competition that the Kingfish project might bring to the local fishing industry.

Guest Crystal Canney, from Protect Downeast, was concerned about the volatility of the stock of Kingfish Company in the Netherlands and how that would effect the project.

Guest Holly Fauber reported her concerns with the Department of Environmental Protection Assessment and potential damage to the environment from the project.

Mr. Roney noted for guests that FAME's role in this transaction is to approve or disapprove of the project based on credit analysis and public benefit. Mr. Roney noted that FAME has not yet received the DEP Assessment, however, review of the final assessment is delegated to the CEO.

Mr. Trafton noted for guests that the FAME board approval of the loan insurance is contingent on the receipt of an Assessment that described all necessary licenses and permits from their respective state agencies, and that if the Assessment was unsatisfactory, the loan would not be issued.

Mr. Mello noted that the purpose of FAME is to judge business transactions on their economic impact and that environmental, zoning, or permitting concerns are addressed at the respective agency level.

Mr. Brooks noted that the board relies on FAME Staff to collect and review reports from other agencies, however, if a condition of the loan changes in that any of these reports are

unsatisfactory, the FAME Board is asked to review and re-approve of the project. Mr. Brooks noted his support for the project.

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

Ms. Asen abstained from the vote due to a conflict at her place of employment.

E: STAFF REPORTS *11:16 a.m.*

All guests left the meeting.

Mr. Norbert discussed work at the legislature, including a few key bills of concern to FAME such as a potential increase to the Maine State Grant and the annual bond cap. Mr. Norbert noted that the largest task that the legislature must complete is the biennial budget, which FAME will be monitoring closely.

Ms. Cummings and Ms. Rigby presented the Thrive Round 2 staff recommendation for how the funding would be deployed. In the second round, the applications will be reviewed based on a different set of criteria that focuses on providing relief to businesses that are the most catalytic to the Maine economy and awards would be given based on merit, not first-come, first-served. Mr. Weber reviewed the CLI/ERLP portfolio, where FAME is ahead over last year in both programs and there were no areas of concern.

ADJOURN- 11:38 AM