

**MINUTES OF THE MAY 18, 2023 MEETING OF THE MEMBERS
OF THE FINANCE AUTHORITY OF MAINE**

Chair Trafton called the May 18, 2023 meeting of the Finance Authority of Maine to order at 9:00 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:

Richard Trafton, Chair
Dustin Brooks, Vice Chair
Rebecca Asen, Treasurer
Henry Beck (attended virtually, joined at 9:18 a.m.)
Renee Ouellette
David Daigler
Steve Shannon
Heather Johnson
Nancy McBrady, in place of Amanda Beal (joined at 9:32 a.m)
Jean Hoffman

Those members absent:

Omar Andrews
Blue Keim
Fritz Onion
Jennifer Hogan
William Tracy

Guests:

James Perkolidis, Bath Savings Bank
Angela Garrison, Beansprouts Learning Center

Erik Heim, Salmogen/Katahdin Salmon
Marianne Naess, Salmogen/Katahdin Salmon
Nick Weightman Gorham Savings Bank
Michael Brigham ImmuCell

Staff present:

Carlos Mello, Chief Executive Officer
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
Kim Getchell, Commercial Loan Officer
Matthew Lindquist, Commercial Loan Officer
Summer Knowlton, Legal/HR Assistant

A: CALL TO ORDER

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

A2: Approval of the April 9, 2023 Executive Committee Meeting Minutes

A3: Approval of the April 24, 2023 Executive Committee Meeting Minutes

A4: Approval of the March 20, 2023 Education Committee Meeting Minutes

A4: Approval of the April 27, 2023 Board Meeting Minutes

A motion was made by Ms. Johnson and seconded by Ms. Asen to approve/accept (1); the minutes of the April 9 and April 24, 2023 Executive Committee Meetings; (2) the minutes of the March 20, 2023 Education Committee Meeting; (3) the minutes of the April 27, 2023 Board Meeting. The motion was approved by a vote of 8 in favor 0 opposed, and 0 abstentions.

B: CHAIR'S REPORT 9:13 a.m.

Mr. Trafton reported the Executive Committee's focus on the HAF/ASF agreement negotiations, which are going well in partnership with HAF/ASF. Mr. Trafton reported that he had met with the Governor on the status of the Grant Administration Agreement and that significant progress had been made in the areas of concern, especially around indemnification.

Mr. Beck joined the meeting at 9:18 a.m.

C: ACTION ITEMS 9:23 a.m.

C1: Approval of Nextgen Investment Policies and Guidelines 9:12 a.m.

Ms. Giles presented the proposed NextGen Program Management Services Selection.

A motion to enter Executive Session No. 1 under 10 MRSA§975-A(2)(A) was made by Ms. Asen, seconded by Ms. Ouellette, and approved by a vote of 9 in favor, 0 opposed, 0 abstentions.

Members entered Executive Session No. 1 at 9:13 a.m.

Members exited Executive Session No. 1 at 9:28 a.m.

Ms. Giles noted that the program management recommendation had been reviewed and recommended for approval by the Advisory Committee on Education Savings.

A motion to approve the Program Management Services Recommendations was made by Ms. Ouellette, seconded by Mr. Shannon, and by a vote of 9 in favor, 0 opposed, 0 abstentions.

C2: Approval of Loan Request and Loan Insurance Request- Beansprouts Learning Center 9:30 a.m.

Ms. McBrady entered the meeting at 9:32 a.m.

Ms. Getchell introduced guests Angela Garrison, owner of Beansprouts, and James Perkolidis from Bath Savings Bank. Ms. Getchell presented the loan requests, where Beansprouts is requesting 2 FAME direct loans, both with 50% participation from CEI, and 90% commercial loan insurance on a term loan from Bath Savings Bank, the borrower's primary lender. The purpose of the 2 loans and loan insurance is to acquire 6 existing daycare centers, where Beansprouts Learning Center will become a collective 8 daycare centers. The guarantor and manager, Angela Garrison, has been a FAME borrower for 10 years and has always paid as agreed. Angela has expressed that she feels that the daycares are underperforming due to mismanagement and insufficient employee benefits. Ms. Getchell expressed FAME staff and credit's support of the project, despite weaknesses in creditworthiness and risks associated with the transaction, the capital structure and public benefit posed by the project mitigates the risk. Ms. Getchell also noted that the loans are contingent on CEI's participation, and CEI has not yet approved the loan.

A motion to enter Executive Session under 10 MRSA §975-A(2)(B) to discuss the business plans of the borrower was made by Ms. Johnson, seconded by Ms. Asen, and approved by a vote of 10 in favor, 0 opposed, 0 abstentions.

Members entered Executive Session No. 2 at 9:37 a.m.

Members exited Executive Session No. 2 at 9:50 a.m.

Members of the board expressed their support of the loan and loan insurance requests because of the childcare crisis in Maine and commended Ms. Garrison for her efforts in making work in childcare more rewarding. Mr. Perkolidis conquered in that Bath Savings is in full support of the project.

A motion to approve the FAME direct loan and FAME loan insurance resolutions was made by Ms. Johnson, seconded by Mr. Daigler, and approved by a vote of 10 in favor, 0 opposed, 0 abstentions.

A motion to approve the SSBCI loan resolution was made by Mr. Daigler, seconded by Ms. Johnson, and approved by a vote of 10 in favor, 0 opposed, 0 abstentions.

C3: Salmogen Company/ C4: Katahdin Salmon 9:54 a.m.

Ms. Getchell introduced guests Erik Heim and Marianne Naess and presented the loan requests together because they are concurrent projects by the same principals.. Salmogen is requesting a \$530,000 FAME direct loan for pre-construction development costs to build a salmon egg production facility on Indian Island, Maine. The total project cost is estimated at \$1.9 million, with the remaining costs covered by a \$1.4 million equity raise that has already been committed. Once completed, the facility will produce eggs for North Atlantic Salmon producers, where most eggs are currently being imported from outside of the United States. SalmoGen is proposing to lease a facility belonging to the Penobscot Indian Nation. The company has already accepted delivery of the US genetic strain of eggs, which are being housed at the University of Maine and the University of Idaho.

Ms. Getchell reported that credit declined the loan to SalmoGen because the company does not expect to generate revenue until 2025 and the loan is considered unsecured (although FAME will hold a 1st lien position on all business assets, however, the business assets will not be constructed until additional financing is secured). Ms. Getchell noted that staff recommends approval of the loan despite the lack of collateral or personal guarantee because of the significant equity in the project, and extraordinary public benefit that would result from the project in job creation, economic activity, new technology, and support of the Penobscot Indian Nation.

Ms. Getchell then presented the loan request for Katahdin Salmon, where Katahdin Salmon is requesting a \$110,000 loan for pre-construction development costs to build a recirculating aquaculture system to produce salmon in Millinocket, Maine. Additionally, Katahdin Salmon would be repurposing the former Millinocket paper mill, specifically the already excavated pits that will hold the salmon, saving the company a significant amount of money and risk in excavation-construction.

Ms. Getchell reported that Katahdin Salmon's request was also denied by credit because the company will not produce a positive EBITA until 2027, as well as the lack of personal guarantee and insufficient collateral. FAME will hold a 1st position lien on all business assets, but there will be no business assets until after construction is completed and pending additional, not-yet-committed financing. However, FAME staff recommends approval because of the significant equity in the project and extraordinary public benefit the project would pose to an economically depressed area, the new technology, and repurposing a former paper mill. Ms. Getchell noted that approval of the requests would require the policy

exception of waiving a personal guarantee and that the Business Committee had recommended approval of the loans with the condition of a minimum of a 60% guarantee.

A motion to enter Executive Session No. 3 under 10 MRSA§975-A(2)(A) was made by Ms. Hoffman, seconded by Mr. Daigler, and approved by a vote of 10 in favor, 0 opposed, 0 abstentions.

Members entered Executive Session No.3 at 9:58 a.m.

Mr. Brooks left the meeting at 10:30 a.m.

Members exited Executive Session No. 3 at 10:44 a.m.

Members of the board expressed their support of the project and the management team given the significant public benefit that both projects would bring to their respective economically depressed areas.

A motion to approve the resolution (without personal guarantees) for Salmogen was made by Ms. Hoffman, seconded by Ms. Johnson, and approved by a vote of 9 in favor, 0 opposed, 0 abstentions.

A motion to approve the resolution (without personal guarantees) for Katahdin Salmon was made by Ms. Hoffman, seconded by Ms. Johnson, and approved by a vote of 9 in favor, 0 opposed, 0 abstentions.

Ms. Johnson left the meeting at 11:00 a.m.

C4: Approval of Loan Request and Loan Insurance Request- Immucell Corporation 11:01 a.m.

Mr. Lindquist introduced guests Michael Brigham from ImmuCell and Nick Weightman from Gorham Savings Bank. Mr. Lindquist presented the loan request, where ImmuCell, a publicly traded company, is requesting 75% pro-rata insurance on a \$2 million on a new term loan by Gorham Savings Bank, 40% pro-rata insurance on an existing \$1 million line of credit, and new \$1 million direct loan from FAME. ImmuCell is an animal health product manufacturing company, with its primary customer base being dairy and cattle farmers. However, the company experienced 2 contamination events on its primary product, one in 2022 and one in 2023, which required a major slowdown in production to conduct investigations into the contamination. Since these events, the company has struggled to maintain adequate cashflow to support production of its primary product, creating a backlog of orders that they are not able to fill in a timely fashion and preventing new income.

In addition to the primary product issues, Immucell has been trying to gain FDA approval of a second product that is manufactured in a separate facility. The company has been heavily investing its funds and time to support the rigorous and time-intensive FDA approval application processes.

Mr. Lindquist offered FAME staff's recommendation of a 50% pro-rata insurance on the \$2 million loan with Gorham Savings Bank, a decline on the line-of-credit insurance request, and approval of the \$1 million FAME direct loan. Staff is cautious of the loan insurance and loan due to the issues reported and the company reporting losses for the past 4 years, however, the collateral coverage is sufficient to support the loan.

Ms. Curtiss, the credit analyst for the loan, commented on the company's financial status, where there is breakeven cashflow to support expenses of the company, including the debt service to the

loan (if approved) without the successful sale of the second product. FAME would further mitigate risk by taking additional collateral and reducing the percentage of the loan insurance requested.

Members of the board requested that the borrower provide additional information on the testing of both products including any formal, self-imposed, remediation plans for the contamination event, FDA communication documents, various test results needed for the end-stage, alternative financing applications, USDA requirements to sell their product.

A motion to table the request was made by Mr. Daigler, seconded by Ms. Hoffman, and approved by a vote of 7 in favor, 0 opposed, and 1 abstention (Shannon.)

Mr. Shannon abstained from the vote due to a family relationship with an ImmuCell board member.

Mr. Brooks re-entered the meeting at 12:15 p.m.

C5: Direct Loan Interest Rate Waiver 12:16 p.m.

Mr. Mello presented the request, where staff is recommending that the board approve a temporary waiver to cap the FAME direct loan interest rate at 8% until September 30, 2023, when staff would evaluate market conditions and potentially make a change to the rule based on those observations. Currently, the FAME interest rate, per rule, is the Wall Street Journal Prime rate plus 2%, where currently, some borrowers are paying over 10% interest on their loan. Mr. Mello recommended this change to alleviate the economic pressures on FAME borrowers while also not competing with lenders in the state, where FAME is a “lender of last resort” and charges interest as such. Mr. Mello pointed to the resolution, where the necessary findings to make the waiver, mainly a demonstrated need for the lower rate, and significant public benefit, are defined.

A motion to approve the resolution was made by Mr. Daigler, seconded by Ms. Asen, and approved by a vote of 9 in favor, 0 opposed, 0 abstentions.

ADJOURN- 12:23 PM