

MINUTES OF THE February 21, 2025 SPECIAL MEETING OF THE MEMBERS OF THE FINANCE AUTHORITY OF MAINE

Chair Renee Ouellette called the February 21, 2025 meeting of the Finance Authority of Maine to order at 8:00 a.m. This meeting was conducted in person at the offices of the Authority in Augusta, Maine, and virtually through Zoom. Provisions were made for the public to attend.

Legal Assistant, Elizabeth Polk, 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. Polk 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:

Renee Ouellette
Richard Trafton
Heather Johnson
Amanda Beal
Blue Keim
Steve Shannon
Jean Hoffman
Daniel Cummings

Those members absent:

Andrew Mueller
Dave Daigler
Dustin Brooks
Fritz Onion
Jennifer Hogan
William Tracy
Joe Perry

Staff present:

Carlos Mello, Chief Executive Officer
Sarah Nadeau-Balducci, Deputy General Counsel
Martha Johnston, Director of Education

Jennifer Cummings, Director of Business
Bert Audette, Chief Information Officer
Lisa Brown, Director of Human Resources
Elizabeth Polk, Legal/Executive Assistant
Jonathan Poole, Director of Strategic Development
Christopher Roney, General Counsel
Ellen Curtiss, Credit Analyst II
Kim Getchell, Senior Loan Officer

Guests:

Tony Grassi- TimberHP
Matthew O'Malia- TimberHP
Susan Woods- TimberHP
Joshua Henry - TimberHP
Jay Field - TimberHP
Paul Shin- Jefferies
Connor Bishop- Jefferies
Ryan McDonald- Blackrock

A: CALL TO ORDER

A1: Ascertainment of Quorum 8:04 a.m.

B: ACTION ITEMS

C1: Approval of Loan Insurance Request—Timber HP/GOLab (ERLP) 8:06 a.m.

Ms. Cummings stated that she would be presenting a new loan insurance request for Go-Lab. She asked to go into executive session to discuss details relating to the loans and operating of the company.

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

Entered executive session: 8:08 a.m.

Exited executive session: 8:44 a.m.

A motion to enter Executive Session No. 2 under 1 MRSA §405(6)(E)) was made by Mr. Trafton, seconded by Mr. Cummings and approved unanimously.

Enter Executive Session: 8:44 a.m.

Exited Executive Session: 9:13 a.m.

A motion to table the discussion to the February 27th board meeting was made by Mr. Trafton, seconded by Mr. Keim, and approved by a vote 8, 0 opposed, and 0 abstention.

ADJOURN- 9:15 A.M.

A true copy as adopted,

DocuSigned by:
Bill Tracy

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Bill Tracy, Vice Chair to the FAME Board of Directors

Executive Session No. 1

Ms. Cummings stated TimberHP applied for a \$7MM FAME insured transaction for the lender Black Rock. The application was submitted at a \$7.7MM with 90% FAME insurance or \$6,930,000 FAME exposure. The loan would aim to aid the company through a Chapter 11 Bankruptcy. Members of the TimberHP team provided further details as to why they are seeking a new loan insurance detail. Mr. Keim asked who would be affected by the Chapter 11 Bankruptcy. Mr. Mello explained the various loan and equity contributions by FAME, Maine Venture Fund, MRDA and other state economic development entities would be extinguished, as would the equity interests of other individuals in Maine who have previously invested in the company. Mr. Keim then asked what happens when TimberHP receives its funding and what would change within the company so they do not continue to face difficulties. Mr. O'Malia from TimberHP stated that their largest profit margin product is not in production yet, but within a year, it will be in production, and that will help fix the cash flow issues they have been facing. Mr. Trafton asked questions related to the trade lenders and their thoughts on the chapter 11 Bankruptcy. Mr. Shin from Jefferies explained that most of these vendors support the Bankruptcy also known as a "reorganization."

Executive Session No. 2

The purpose of this executive session was to answer questions regarding the legal aspects of the loan insurance proposal, and the legal ramifications of the bankruptcy. Mr. Roney presented five different options the board could take in approving the deal. These included:

1. Table the matter and defer to next week's meeting;
2. Move forward with the resolution that is being recommended, putting the authority in a super priming lien (absolute first) position – that is what would make staff comfortable but BlackRock said they wouldn't accept it;
3. Approve an alternative resolution with conditions not requiring a super-priority lien but has other conditions to address and mitigate the risk – including a limited shared lien, shared only with \$19 million of new money, requiring loan amortization, last in, first out funding of the loan with advances only if needed, and also conditions that the bankruptcy plan being approved as currently projected;;
4. Approving exactly what Blackrock has asked for, a pari passu lien position for the insured loan with not only other new funds being lent, but also an additional \$19 million of retained;
5. We do not move forward and decline request.

Mr. Mello then stated that the strength of the transaction is solely the public benefit of jobs in Madison, rehabilitation of an abandoned mill site and the economic benefits to the state of providing an alternative use of wood fiber and residuals for our Timber industry. It is not based on the credit quality and would be FAME's largest exposure. Ms. Hoffman stated she could vote either way but there is a lot of risk involved. Ms. Johnson, Mr. Cummings, and Mr. Trafton all stated they were in favor of tabling the deal. Mr. Keim asked Mr. Mello how he feels about the deal. Mr. Mello stated that if FAME was acting solely as a lender he would not recommend it, but because of the public benefit he feels that in the end it should be approved.