MINUTES OF THE March 4, 2025 SPECIAL MEETING OF THE MEMBERS OF THE FINANCE AUTHORITY OF MAINE

Vice Chair Tracy called the March 4, 2025 meeting of the Finance Authority of Maine to order at 9:00 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:

Richard Trafton,
William Tracy Vice Chair
Heather Johnson
Amanda Beal
Blue Keim
Joe Perry
Dave Daigler
Steve Shannon
Jean Hoffman

Those members absent:

Andrew Mueller
Daniel Cummings
Renee Ouellette
Dustin Brooks,
Jennifer Hogan
Fritz Onion

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 Curtis, Credit Analyst II
Kim Getchell, Senior Loan Officer
Karen Kunesh, Commercial Loan Officer

Guests:
Tony Grassi
Matthew O'Malia
Susan Woods
Joshua Henry
Jay Field
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 Change request—Timber HP/GOLab (ERLP) ***9:07 a.m.***

Mr. Mello stated that BlackRock objected to a few conditions within the loan insurance resolution that was approved on February 27th. Specifically, BlackRock had objected to condition 7b of the loan insurance resolution, which required a shared first security interest in all assets for the new $19 million funding only. BlackRock insists that the existing $19 million debt also be included in the first security position. Mr. Mello stated that as a compromise, BlackRock is willing to allocate 10-15 percent of all new post-exit equity capital raised to repay the FAME-insured commercial loan. He then stated that while this modification increases FAME's potential loss exposure, the maximum differential in potential insurance claims between the two structures is roughly $3 million due to the pro-rata nature of loss sharing under commercial loan insurance. Mr. Mello further added that yesterday afternoon, March 3rd, Mr. Roney, FAME's Legal Counsel, received markups to the standard loan insurance agreement and the standard resolution. Mr. Roney stated that some of the changes are adverse changes that need the board's approval.

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. Daigler, and approved unanimously.

Entered executive session: 8:20 a.m.

Exited executive session: 8:41 a.m.

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

Enter Executive Session: 8:44 a.m.
Exited Executive Session: 9:13 a.m.

A motion to approve the latest resolution as drafted and allow the business committee to approve and or make changes to the conditions within the resolution to address the areas of legal concern expressed by Mr. Roney in the presentation, was made by Mr. Trafton, seconded by Mr. Daigler, and approved by a vote 7, 0 opposed, and 1 abstention.

Ms. Hoffman abstained from voting.

ADJOURN- 9:26 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

The primary purpose of this executive session was to discuss matters relating to the credit changes that were requested by BlackRock. Mr. Trafton asked Go Lab if there are any prospects of new equity for the business. Mr. Grassi, Chairman of the Go Lab board, responded by stating that there are two parties who are interested in investing, but there are no commitments. Mr. Shin from Jefferies stated that this equity raise from BlackRock is primarily for the funds to exit Chapter 11, and then these parties would hopefully invest post-Chapter 11 bankruptcy. Mr. McDonald then provided details as to why BlackRock is requesting changes to the resolution. He stated that BlackRock deemed the “roll up” feature critical as it changes the economics of the transactions without those loans included in a shared position. He then stated that BlackRock does not want to take any affirmative obligations regarding the insurance reporting. Mr. Mello stated that there are standard checks and balances in the request, and these checks and balances can be done using outside sources. Mr. Grassi from Go Lab made a point to say that there is a substantive credit question, and the legal question and mechanics can be discussed between FAME’s legal team and BlackRock separately from the meeting.

Executive Session No. 2

The purpose of this executive session was to discuss the legal concerns relating to the loan insurance change request. Mr. Roney stated 4 changes to the resolution that BlackRock has asked for that draw concern.

These include:

1. BlackRock does not want to be held to our traditional insurance standard- “prudent lender”; instead they want to be held to industry mutual fund standards where they are just a debt buyer
2. Disagreement on reporting and consent requirements.
3. Disagreement with the condition that stated they could not prefer their ownership interest over their lender interest.
4. Blackrock is suggesting that the various funds that will fund the loan be able to commit on a severed basis, and not joint.

Mr. Roney then stated that the changes BlackRock is requesting pose a legal risk and, at minimum, BlackRock needs to live up to FAME’s core standards. Mr. Roney stated that at close of this Loan Insurance Request, BlackRock would own 80 percent of the reorganized ownership and, therefore, would be a primary owner and lender. He then expressed concern for BlackRock’s unwillingness not to prefer their ownership interest over their lender interest. Ms. Hoffman then stated that BlackRock is a trillion-dollar company, and therefore, they have the upper hand in terms of negotiation. Mr. Kiem asked in what ways FAME could be impacted by Blackrock preferring their ownership over being a lender? Mr. Roney said it would be difficult to say, but it is nevertheless possible for their to be a conflict. Mr. Daigler then asked what would happen if we said no to the deal. Mr. Roney stated that we have to act in the best interest of the authority no matter how important the deal. Mr. Mello followed up by stating that this is not a credit or negotiation issue. It is a matter of saving jobs in an area with a higher-than-state average unemployment rate, as well as the economic benefits to the timber industry and state. Mr. Keim then stated that there is a lot of work that goes into building a business of this scale and that he feels that the FAME should still do what it takes to ensure the project is completed and survives.. Mr. Tracy followed up by stating that he feels the same way and feels that after the reorganization, the company does have a shot at success.