

MINUTES

**VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING
October 8, 2019 - 1200 P.M.
101 N. 14 Street, 11th Floor Board Room
Richmond, Virginia**

- I. Board Directors present: Chairman John Hopper, Mr. Linh Hoang, Mr. Michael Joyce, Ms. Tracey Wiley, Mr. Ronnie Johnson, Mr. Jay Mahone (on behalf of the Honorable Manju Ganeriwala), and Mr. Corey Holeman

Board Directors absent: Vice Chairman Neil Amin, Mr. William Smith, Dr. Monique Johnson, and Mr. Sanjay Puri

VSBFA Staff: Mr. Howard Pisons, Ms. Anna Mackley, Ms. Karen White, Ms. Barbara Carter, Ms. Robin Foster, and Ms. Todd Boyle

Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Dave Richardson (McGuireWoods LLP), Mr. Alex Dinkels (Marathon Capital Strategies, LLC), Ms. Jennifer Mayton (DSBSD), and Ms. Monica Esparza (State Council of Higher Education)

Chairman Hopper called the meeting to order and introduced Mr. Howard Pisons, the new Executive Director of the Virginia Small Business Financing Authority. Mr. Pisons spoke briefly about his background and looks forward to working with the Authority. Chairman Hopper thanked Ms. Mayton for her leadership in the hiring process.

- II. Approval of Minutes: On a motion by Mr. Joyce, seconded by Mr. Hoang, the July 9, 2019 Board of Directors Meeting minutes were unanimously approved. Voting aye: Chairman Hopper, Mr. Joyce, Mr. Hoang, Mr. Mahone, Mr. Holeman, Mr. Johnson, and Ms. Wiley. Voting no: None.

- III. Bond Discussion - Ms. Anna Mackley introduced Mr. Dave Richardson, bond counsel with McGuireWoods LLP and Mr. Alex Dinkels, CFO, Marathon Capital Strategies, LLC, who are seeking a VSBFA bond re-issuance of approximately \$515 million to restructure debt and provide new operating funds for National Senior Campuses (“NSC”). NSC operates senior living communities in Virginia and four other states. Messrs. Richardson and Dinkels are seeking to determine the Board’s sentiment for a bond re-issuance whereby the majority of the bonds are supporting communities in other states. If acceptable, Messrs. Richardson and Dinkels will return in November to submit an application for formal Board approval.

Ms. Mackley began the discussion by providing background information on a similar transaction, the NPPF Intermediate Funding, LLC, a 501(c) (3) organization, and borrower. In that multi-state transaction the VSBFA collaborated with Mr. Richardson in issuing several

bonds beginning in 2006. Mr. Richardson presented additional history, concept, and set up of the NPPF program, as compared to the proposed bond request from NSC. Mr. Dinkels discussed the proposed financing structure, anticipated Fitch ratings for five of the communities that will comprise the "Obligated Group"; background on NCS and its financial condition; and desire for VSBFA to handle the matter because of its multi-jurisdictional authority and its history working with Mr. Richardson. Mr. Richardson talked about the process after the bond application is received and the requirement for public hearings in each of the states where the Obligated Group operates.

Mr. Hoang asked about the sentiment of other states having bonds issued by Virginia in their jurisdictions. Mr. Richardson said he expects responses for this project will be favorable since NSC is reinvesting in their communities. Responding to Mr. Holeman, Mr. Dinkels confirmed that the property will be pledged to secure the bond holders. He further elaborated that NSC is committed to a reinvestment plan to keep the projects fully functional and satisfaction levels high (residences, amenities, etc.). NSC also contributes to benevolent care funds for residents who deplete their resources. In response to a question by Mr. Hopper, Mr. Dinkels said entry fees range from \$250,000 - \$650,000. Mr. Ferguson asked for more demographic data and analysis be provided for consideration. Mr. Hoang asked about NSC's practices regarding diversity and inclusion. Mr. Dinkels said he will provide additional demographic data and the company's discrimination policies for discussion when he returns. He also noted that NSC has a very diverse Board.

Having no further discussion the Board unanimously encouraged Messrs. Dinkels and Richardson to return for a formal presentation of their proposal to the Board in November.

IV. Other Business

- A. Chairman Hopper introduced Ms. Karen White to the Board. Ms. White is a new regional lending manager who will be servicing the City of Richmond and Northern Virginia areas. Ms. White briefly described her work experience in banking.
- B. Mr. Hoang suggested that another retreat be held for the Board and new staff. Ms. Wiley agreed and would provide notes from last year's retreat to assist with planning.

V. The meeting was adjourned.