

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

January 14, 2020 - 12:00 P.M.
101 N. 14th Street, 11th Floor Board Room
Richmond, Virginia

- I. Board Directors present: Chairman John Hopper, Mr. Linh Hoang, Mr. Ronnie Johnson, Mr. Michael Joyce, Ms. Janet Aylor (on behalf of The Honorable Manju Ganeriwala), Ms. Tracey Wiley, Mr. Corey Holeman, Dr. Monique Johnson, Mr. William Smith

Board Directors absent: Vice Chairman Neil Amin, Mr. Sanjay Puri

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

Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Michael Solomon (Pulaski County IDA), Mr. Danny Wilson (VFRIFA), Mr. Scott Sawicki (National Senior Campuses), Mr. Mike Graff (McGuire Woods LLP), Ms. Connie Moser and Tamsen Kingry (Richmond SPCA), Mr. Chris Kulp (Hunton Andrews Kurth LLP), Mr. Ty Wilford (Davenport), Ms. Sarah Berday-Sacks and Ms. Lauren Axselle (JLARC), Mr. Brandon McRae, Mr. Mark Parson, Mr. Domanique Hargrove (Bexley Road Capital)

Chairman Hopper called the meeting to order and introductions of all guests were made.

- II. Approval of Minutes: On a motion by Mr. Johnson, seconded by Mr. Hoang, the December 10, 2019 Board of Directors Meeting minutes was unanimously approved. Voting aye: Chairman Hopper, Mr. Johnson, Mr. Hoang, Mr. Joyce, Dr. Johnson, Ms. Wiley, Ms. Aylor, and Mr. Holeman. Voting no: None. (Mr. Smith was not present for the vote.)

III. 501 (c) 3 Tax-Exempt Bond Requests

- A. Richmond Society for the Prevention of Cruelty to Animals (SPCA) - City of Richmond - \$4,000,000. Ms. Mackley presented the request to refund the outstanding balance of bonds issued by VSBFA in 2001 and later refunded in 2009. Ms. Mackley reviewed the services and programs offered by the organization. Mr. Chris Kulp, bond counsel with Hunton Andrews Kurth LLP, reviewed the bond resolution and discussed the changes for the refunding of the bonds approaching their tender dates, removal of the variable rate to a fixed rate financing, and the maximum maturity.

On a motion by Mr. Holeman, seconded by Mr. Joyce, the Board of Directors unanimously approved the resolution as presented. Voting aye: Chairman Hopper, Mr. Holeman, Mr. Joyce, Mr. Hoang, Mr. Johnson, Ms. Aylor, Dr. Johnson, Mr. Smith, and Ms. Wiley. Voting no: None.

- B. National Senior Campuses Obligated Group - Fairfax County and other - \$500,000,000. Ms. Mackley presented the request to refund all outstanding bank indebtedness for the borrower, the largest senior living system in the U.S., serving 25,000 seniors in 11 non-profit communities. Ms. Mackley noted that a portion of the bond proceeds will be used for the senior community in Springfield, Virginia. The remainder of the proceeds will support four senior communities in New Jersey, Pennsylvania, and Massachusetts. Mr. Mike Graff, McGuire Woods LLP bond counsel, discussed the economic structure and the 501 c 3 financing structures of the project, including having the structure for multijurisdictional issues validated by a judge. The resolution is being presented for preliminary approval to induce the applicant to retain the Greenspring facility in Virginia and work to improve it. It also provides the authorization to file the notices required under the validation procedures and submit the legal proceedings to the judge.

Mr. Hoang expressed his concern about the treatment of individuals from diverse communities living in senior facilities and requested information on how NCS manages diversity and inclusion. Mr. Scott Sawicki explained the company's policy on diversity and inclusion, how it is addressed at the corporate and community levels, and NCS' involvement and support of the Human Rights Campaign. He also answered questions from the Board on bullying and rent increases.

On a motion by Mr. Hoang, seconded by Mr. Holeman, the Board of Directors unanimously approved the resolution as presented. Voting aye: Chairman Hopper, Mr. Hoang, Mr. Holeman, Mr. Joyce, Mr. Johnson, Ms. Aylor, Dr. Johnson, Mr. Smith, and Ms. Wiley. Voting no: None.

IV. Economic Development Loan Fund Application

Virginia's First Regional Industrial Facility Authority (VFRIFA) - Pulaski County - \$400,000. Ms. Tackett introduced Mr. Michael Solomon, Pulaski County Economic Development Director, and Mr. Danny Wilson, Executive Director of VFRIFA. Ms. Tackett presented a direct loan request of \$400,000 to finance costs for sight preparation, grading and utility access for 20-acres of land located in the New River Valley (NRV) Commerce Park. VFRIFA owns the 1,000-acre NRV Commerce Park in Dublin, Virginia. The subject site will be the new location for "Project Athena" (confidential pending the Governor's Announcement). The company has selected the site for its warehousing distribution and logistics presence in Virginia. The company has determined that the site is suitable to establish a new distribution center and hub for their trucking business in the Southeastern United States. Athena currently has an existing 40,000 square foot operation in Milton, Pennsylvania that serves clients in all 48 states and Canada. The new site, which is located on the Interstate 81 corridor, will allow the company strategic access across Virginia, North Carolina and Tennessee. Mr. Wilson gave a presentation on VFRIFA, its formation and organization, legal and financial structure, ownership, and showed a video of the NRV Commerce Park site. He also discussed Project Athena incentives and budget projections and answered questions from the Board. On a motion by Mr. Smith, seconded by Mr. Holeman, the Board of Directors unanimously approved the request by VFRIFA for a \$400,000 10-year loan through the Economic Development Loan Fund to finance the site preparation project. Voting aye: Chairman Hopper, Mr. Smith, Mr. Holeman, Dr. Johnson, Ms. Wiley, Mr. Hoang, Mr. Johnson, Ms. Aylor, and Mr. Joyce. Voting no: None.

V. Board Review and Ratification of Loans Approved/Declined by Staff

Karen White reviewed the \$25,000 SWaM Business Microloan for Grant's Pressure Washing, LLC that was presented for ratification. On a motion by Mr. Joyce, seconded by Mr. Hoang, the Board of Directors ratified the loan decision made by staff for December 2019. Voting aye: Chairman Hopper, Mr. Joyce, Mr. Hoang, Dr. Johnson, Mr. Smith, Ms. Wiley, Mr. Holeman, Mr. Johnson, and Ms. Aylor. Voting no: None.

VI. Other Business

Mr. Pisons updated the Board on the following matters:

- A. Two applicants interviewed for the vacant Regional Lending Manager position and one was selected. The new employee will begin in February.
- B. The Small Business Disaster Bridge Loan Program – VSBFA's report submitted to the Secretary of Commerce and Trade was approved, then sent to the House Appropriations and Senate Finance Committees. A response or feedback by either committee has yet to be received.
- C. SB 458 – Sponsored by the Veterans Joint Leadership Council to promote the Microloans for Veterans Program ("MVP"). MVP is a two-phase loan program that starts at the \$10K level and then moves up to \$50K. The bill requires the VSBFA to manage the entire program: marketing, training, loan approval and administration, and referring MVP participants to private sector banks for loans that exceed the program's limit. Mr. Pisons will meet with the bills Patron, Senator Reeves, to explain that the VSBFA could only execute the financing aspect of the program and request the Patron to amend the bill accordingly.
- D. HB 472 – Small Business Investment Grant Program. Patroned by Delegate Runyon who has recommended a scoring system for issuing the investment grants. Mr. Pisons will meet with Delegate Runyon to determine his desired outcome or goals for the bill, and the unintentional consequences that may result.
- E. Ms. Mayton spoke about HB 1505 for the Small Business Job Grant Fund (SBJGF) which has been difficult to disperse due to legislative changes made in 2017 effecting eligibility. If passed, the bill will sunset the SBJGF program and move those funds into the SBIG program. Delegate Dugan is the patron of the bill.
- F. Deliver microloan talking points to the directors. Board Retreat – suggested Tuesday, April 14th the regular Board meeting date, to hold the retreat at the Wool Factory in Charlottesville. Chairman Hopper suggested a draft agenda be prepared and sent out ahead of the retreat.
- G. Ms. Mayton reminded members their financial disclosure forms are due on February 3rd.

VII. The meeting was adjourned.