



MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

BOARD OF DIRECTORS MEETING

August 10, 2021, 12:00 P.M.
101 N. 14th Street, 11th Floor Board Room
Richmond, Virginia 23219
By Public Teleconference
(866) 845-1266, 65069804#

- I. Acting Chairman Joyce called the meeting to order 12:05 p.m. and welcomed the Board and guests.
 - A. Board Directors present: Mr. John Dane, Mr. Linh Hoang, Mr. Corey Holeman, Acting Chairman Michael Joyce, Mr. Jay Mahone, designee for Ms. Manju Ganeriwala, Ms. Jennifer Mayton, and Mr. William Smith
 - B. Board Directors absent: Chairman John Hopper, Mr. Ronnie Johnson Ms. Susana Marino and Mr. Sanjay Puri
 - C. VS BFA Staff present: Mr. Howard Pisons, Ms. Anna Mackley, Ms. Linda Tackett, Ms. Karen White, Ms. Robin Foster, Ms. Todd Boyle and Ms. Angela Reese
 - D. Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Mike Graff (McGuire Woods LLP), Mr. Mark Shea (Wells Fargo Corporate & Investment Banking) Mr. Paul Inskeep (Project Manager, Pure Salmon) Mr. Karim Ghannam (Co-Founder of 8F, Board Member of Pure Salmon), Mr. Berry Harte (Vice President for Finance and Operations & Treasurer for Marymount), Mr. Thomas Rea (Market President, Bank of the James)

II. Approval of Minutes

On a motion made by Mr. Holeman and seconded by Mr. Hoang, the June 8, 2021 Board of Directors Meeting minutes were unanimously approved. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce and Smith. Voting nay: None.

The Public Hearing was declared open at 12:18 p.m.

III. Tax-Exempt Bond Projects

Pure Salmon Virginia, LLC – Inducement Resolution \$214,700,000

Ms. Anna Mackley presented the inducement resolution for a \$214.7 million bond to Pure Salmon Virginia, LLC followed by presentations from Messieurs Mike Graff, Paul Inskeep, and Karim Ghannam giving an overview of Pure Salmon Virginia, LLC.

The resolution is to: (i) finance and refinance the costs of the acquisition, construction, development, installation and equipping of a vertically integrated Atlantic salmon production, processing and manufacturing facility and related facilities, (ii) finance and refinance may include but not necessarily be limited to solid waste disposal and/or sewage facilities, located at the

intersection of Greenhill Drive and Route 19 in Cedar Bluff, Virginia in Tazewell and Russell Counties, Virginia; and (iii) finance certain costs of issuance, if any, of the bonds and, if and as necessary, working capital, capitalized interest on the bonds and reserves for the Project or the bonds.

Messieurs Mike Graff, Mark Shea, Paul Inskip, and Karim Ghannam presented an overview of Pure Salmon Virginia, LLC. Acting Chairman Joyce called for questions or comments for which there was none.

Acting Chairman Joyce called for the motion to approve the inducement resolution. Mr. Hoang motioned for approval which was seconded by Mr. Smith and approved unanimously by the Board. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce, Mahone and Smith. Voting nay: None.

IV. 501c3 Bond Modifications

Friendship Foundation and Subsidiaries – Modification Resolution 2014 Tax-Exempt 501c3 VSBFA Bond Issuance

Ms. Anna Mackley presented the modification resolution for Friendship Foundation and Subsidiaries followed by a presentation from Mr. Mike Graff. The modifications resolution as agreed upon by Truist and Friendship as follows: (i) reduce the variable annual interest rate on the Bonds to approximately 81.5% of LIBOR plus 1.51%; (ii) adjust the amortization schedule with respect to the Series 2014B Friendship Revenue Bonds following a recent \$9,000,000 prepayment by Friendship of such bonds; (iii) extend the period that Truist agrees to continue to hold the Friendship Revenue Bonds by approximately two (2) years to approximately September 1, 2023; and (iv) adjust certain of the financial covenants with respect to the Friendship Revenue Bonds, including, but not necessarily limited to, covenants with respect to minimum liquidity, minimum days' cash on hand and minimum occupancy.

Mr. Mike Graff presented an overview of Friendship Foundation and Subsidiaries modification resolution. Following a brief discussion, Acting Chairman Joyce called for the motion to approve modification resolution. Mr. Holeman motioned for approval which was seconded by Mr. Smith and approved unanimously by the Board. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce, Mahone and Smith. Voting nay: None.

Provident Group – Modification Resolution 2014 Tax-Exempt 501c3 VSBFA Bond Issuance

Ms. Anna Mackley presented the modification resolution for Provident Group followed by a presentation from Messieurs Mike Graff and Berry Harte. The modification resolution as agreed upon by Marymount, Provident and the bondholders (through the bond trustee) to: (i) provide additional support to the Project over the next approximately three (3) years: (a) The Support Agreement provides that Marymount agrees to advance funds if and as needed to maintain strong debt service coverage levels and that Marymount can assume property management responsibilities for the Project and use the Project in new ways that were previously not permitted in order to generate additional Project revenues; and (b) These new uses may include workforce housing, housing for a broader universe of educationally-affiliated residents (public school teachers, for example), hospitality uses in connection with a Marymount educational program or

other uses that would benefit the Project financially but would not adversely affect the tax-exempt status of the bonds.

Messieurs Mike Graff and Berry Harte presented an overview of Provident Group and the modification resolution.

Acting Chairman Joyce called for the motion to approve modification resolution. Mr. Holeman motioned for approval which was seconded by Mr. Dane and approved unanimously by the Board. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce, Mahone and Smith. Voting nay: None.

V. Loan Guaranty Program Request

Augusta Cooperative Farm Bureau Inc. – Approval of additional \$250 thousand VSBFA guaranty

Ms. Linda Tackett presented the loan guaranty program request for the Bank of the James on behalf of Augusta Cooperative Farm Bureau, Inc. followed by a presentation from Mr. Thomas Rea. The guaranty will provide: (i) a \$3,500,000 commercial line of credit; and ii) a \$3,936,000 Commercial Mortgage to be extended to Augusta Cooperative Farm Bureau, Inc. Credit facilities (i) and (ii) will be secured by: (a) a first UCC lien on non-perishable inventory, feed, fertilizer; (b) a blanket lien on all business assets, with a value of \$7,610,000; and (c) a first Deed and Trust on Commercial Real Estate property valued at \$4,920,000 (appraised December, 2020). The Bank of the James will cross collateral the Operating Line of Credit and Commercial Mortgage as a means of control.

Mr. Thomas Rea presented an overview of Augusta Cooperative Farm Bureau Inc. After responding to inquiries by Mr. Dane, Acting Chairman Joyce called for the motion to approve the loan guaranty modification request. Mr. Hoang motioned for approval which was seconded by Mr. Smith and approved unanimously by the Board. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce, Mahone and Smith. Voting nay: None.

VI. Board Review and Ratification

Ms. Anna Mackley presented several loan approvals and declines by management for ratification. Acting Chairman Joyce called for the motion to ratify the loan decisions made by the management. Mr. Smith motioned to ratify management's loan decisions, which was seconded by Mr. Holeman and approved unanimously by the Board. Voting aye: Ms. Mayton and Messieurs Dane, Hoang, Holeman, Joyce, Mahone and Smith. Voting nay: None.

VII. Board Nomination of Approval of Vice-Chairman

Mr. Howard Pisons informed the Board of Directors that a new Vice-Chairman will need to be appointed by the Board of Directors, and that any Board Member interested in the position should contact Mr. Howard Pisons with their biography for consideration. The Board of Directors will vote at the next Board of Directors meeting.

VIII. Public Comment Period

Acting Chairman Joyce called for comments from the attending public. Hearing none the comment period and the Public Hearing was closed at 1:45 p.m.

IX. Other Business

- A. The Microloan Limit Increase presented by Mr. Howard Pisons. VSBFA has implemented a limit increase for the SWaM Microloan Program, from \$10,000 to \$50,000 to meet the needs of businesses in Virginia.
- B. A welcome for new Board member, John Dane, to the VSBFA Board of Directors was presented by Mr. Pisons. Mr. Dane has been appointed by the Governor of Virginia to replace Mr. Neil Amin. Mr. Dane is the Executive Vice President and Richmond Regional President for Virginia National Bank and has previously worked on the Virginia College Building Authority Board of Directors. Mr. Dane is an accomplished banker with the skill set to follow VSBFA's mission and financing programs and will be a valuable addition to our Board of Directors.
- C. A welcome for new VSBFA staff member Bonnie Hite was presented by Mr. Pisons, with a self-introduction by Ms. Hite. Ms. Hite is VSBFA's Accounting and Operations Manager, a position that has recently been created. She started on June 25th and has done a phenomenal job of jumping right into action. Ms. Hite has fifteen (15) years of experience working with a non-profit organization, and has a background in project management. Ms. Hite has taken the reins on SBIG making strides by incorporating DocuSign, while working on the ARMEX audit and fiscal year end statements. VSBFA welcomes her warmly as a valued part of our staff.
- D. A VSBFA Dashboard review was presented by Mr. Pisons and Ms. Hite. Mr. Pisons remarked that YTD net bond fee income, which drives VSBFA earnings, was approximately \$1.3 million and compares favorably to prior years, especially after only 6 months of operations. Mr. Pisons noted promising improvement in the Child Care Financing and Microloan Programs although we still have a ways to go to materially increase utilization for those programs. Mr. Pisons would like this to be one of the brainstorming topics at the Board retreat in October.

Mr Pisons also reported that in the last 11 years the Authority has funded over \$80 million in loans from its direct loan programs (Microloan, Child Care and Economic Development Loans) while sustaining approximately \$(3.9) million or (4.94)% in charge-offs over the same period. Mr. Pisons felt this experience was acceptable given the higher risk profile typical of our customer base. Suggestions were presented to add income onto the dashboard for the Board to review.

- E. An update of the VSBFA Work Plan (WP) was presented by Mr. Pisons. VSBFA has a goal of three hundred (300) presentations a year. Although Covid-19 stifled presentation progress Mr. Pisons expects to meet this goal by averaging twenty-nine (29) presentations a month for the remainder of the calendar year (the WP measurement period). Mr. Pisons also said the VSBFA is on track to meet or exceed the: (i) total private investment goal of \$7,500,000, and (ii) total jobs created and retained goal of 400 a year, of which 150 is targeted to come from rural community borrowers.
- F. An update of the Small Business Investment Grant (SBIG) was presented by Ms Hite. SBIG opened on August 9th utilizing DocuSign for an electronic application process. Applications are being processed at a faster rate and more effectively than ever before; the customer experience has also improved.

Ms. Hite anticipates closing the application portal in mid-September, having awarded \$819.5 thousand in SBIG grants.

- G. An update of the JLARC Audit Response, re: Credit Policy Manual, was presented by Mr. Pisons who reported that a draft of the credit policy manual is targeted for August 31st.
- H. An update on Rebuild VA Grant Fund was presented by Mr. Pisons. The General Session approved \$25 million of Virginia gray machine tax revenue to refund the Rebuild VA Grant Fund Program, which is being distributed to applicants already in the system. The General Assembly Special Budget Session should offer another \$250 million of funding from the American Rescue Plan granted to Virginia from the federal government. We hope to learn more in late August on the timing for reopening the program from the legislators.
- I. An update of Salesforce CRM was presented by Mr. Pisons. Progress is being made with getting Salesforce set up for the whole agency which will assist VSBFA in managing data and provide better resources for reporting purposes. Currently still in the building and testing process by adding more functionality through implementation “sprints”.
- J. An update on hiring the SSBCI Grant Manager and the open Regional Lending Manager position was presented by Mr. Pisons. VSBFA has been placed in charge of administering the \$188 million SSBCI grant fund for Virginia, which will eventually be reallocated to multiple agencies and private sector partners. The new Grant Manager will consolidate all of the partner applications into a single state application for the \$188 million federal appropriation; collect partner program data; track funds it allocates to its partners; and creates-manages all quarterly SSBCI reporting for the state.

VSBFA is also hiring the Fahrenheit recruiting firm to fill the Regional Lending Manager position that is currently vacant.

- K. An update on marketing was presented by Mr. Howard Pisons. VSBFA is currently working on refreshing marketing materials for the Microloan Program with Loan Guaranty Program and Cash Collateral Program to follow. SBSB has hired Connor Templeton as the agency’s Marketing Manager, who will work toward getting SBSB and VSBFA’s name onto social media platforms. A Child Care Financing Program video is planned to enhance customer experience with our application and answer commonly asked questions.
 - L. An update on VSBFA Board Retreat was presented by Mr. Howard Pisons. The retreat will be held at The Wool Factory, on October 27th and 28th. Email invitations have been sent to the Board and to make hotel reservations. The Board Retreat will review VSBFA’s strategic planning and programs. Efforts are being made to invite local businesses to the treat that VSBFA has impacted positively. This will be a public meeting and notice will be provided to the public.
- X. The meeting was adjourned at 2:29 pm.