



## **AGENDA**

### **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING**

January 11, 2022 - 12:00 P.M.  
101 North 14<sup>th</sup> Street, 11<sup>th</sup> Floor, Board Room  
James Monroe Building  
Richmond, Virginia 23219

**I. Approval of November 9, 2021 Board of Directors Meeting Minutes**

**II. Economic Development Loan Request (Ms. Linda Tackett)**

- i. IDA of Pittsylvania County, Virginia – Pittsylvania County - \$1,020,000 – To finance construction upcharges of a new 1,050 square foot building, southern Virginia Multi-Multimodal Park in Hurt Virginia

**III. Board Review and Ratification**

- i. *Child Care Financing Program – Approved*
  - E.L.F. Exploring Learning and Fun LLC
- ii. *Loan Guaranty Program - Approved*
  - Luca Belle Investments, LLC
- iii. *SWaM Business Microloan Program – Declined*
  - CP Trucking LLC
  - PB TechGroup LLC

**IV. Public Comment Period**

**V. Other Business**

**VI. Adjourn**



## MINUTES

### VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

#### BOARD OF DIRECTORS MEETING

November 9, 2021, 12:00 P.M.

101 N. 14<sup>th</sup> Street, 11<sup>th</sup> Floor Board Room

Richmond, Virginia 23219

By Public Teleconference

(866) 845-1266, 65069804#

- I. Chairman Holeman called the meeting to order 12:07 p.m. and welcomed the Board and guests.
  - A. Board Directors present: Chairman Corey Holeman, Vice Chairman Linh Hoang, Ms. Susana Marino, and Messrs. John Dane, Ronnie Johnson, Michael Joyce, and James Mahone
  - B. Board Directors absent: Messrs. Sanjay Puri and William Smith
  - C. VS BFA Staff present: Mr. Howard Pisons, and Meses. Anna Mackley, Linda Tackett, Karen White, Robin Foster, Todd Boyle, Bonnie Hite, Cheryl Bostick and Angela Reese
- II. Others present: Messrs. Don Ferguson (Senior Assistant Attorney General), Adam Greenhouse (Treasurer, Transurban), Arv Sreedhar (Managing Director, Atlantic Partners Asia), Ben Djounas (Executive Director, JP Morgan), Brandon Throne (CFO, Pure Salmon Virginia), Brandan Stanley (Associate, Hunton Andrews Kurth), Eric Young (County Administrator, Tazewell County), Gerald Toledano (Partner, 8F Asset Management), Karim Ghannam (Co-Founder & CEO, 8F Asset Management), Mark Shea (Director, Wells Fargo), Michael Graff Jr. (Partner, McGuireWoods), Mike Altman (Assistant Treasurer, Transurban), Paul Inskeep (Project Manager, Pure Salmon Virginia)
- III. Approval of Minutes

Pursuant to a correction, motion was made by Mr. Joyce and seconded by Mr. Johnson, the October 12, 2021 Board of Directors Meeting Minutes were unanimously approved. Voting aye: Ms. Marino and Messrs. Dane, Hoang, Holeman, Johnson, Joyce, and Mahone. Voting nay: None.

On a motion made by Mr. Hoang and seconded by Ms. Marino, the October 28, 2021 Board of Directors Retreat Meeting Minutes were unanimously approved. Voting aye: Ms. Marino and Messrs. Dane, Hoang, Holeman, Johnson, Joyce, and Mahone. Voting nay: None.

**The Public Hearing was declared open at 12:10 p.m.**
- IV. Tax-Exempt Bond Projects
  - i. *95 Express Lanes, LLC – Transportation Bond Issuance – Approval of Resolution for \$736,945,000 to refund costs associated with the development, construction, maintenance and operation of the “Fred Ex Project,” “95 Project” and the “395 Project” and to pay costs of issuance.*
  - ii. *Children’s Hospital of the Kings Daughter, Inc., Children’s Health System, Inc. and*

*Children's Health Foundation, Inc. – Approval of Resolution for \$100,000,000 Bond to finance and refinance*

Ms. Anna Mackley presented the resolution for \$736,945,000 bond issuance, followed by a presentation from Mr. Adam Greenhouse.

The applicant is requesting a \$736,945,000 bond issuance to refund the following bonds previously issued by the Authority and would be used to finance: (i) Senior Lien Revenue Bonds, Series 2012, which were used to finance or refinance the design, construction, commissioning and financing of an expansion of existing high-occupancy vehicle lanes on Interstate 95 (“I-95”) and the installation of a fully electronic tolling and traffic management system for 29 miles of High-Occupancy Toll (“HOT”) lanes, on part of I-95 and on Interstate 395 (“I-395”), from Edsall Road in Fairfax County, south to Garrisonville Road in Stafford County (the “95 Project”); (ii) its Senior Lien Revenue Bonds, Series 2017, which were used to finance the development, design, reconfiguration, construction, reconstruction, maintenance and operation of HOT lanes and other road improvements along an 8-mile segment of I-395 in Northern Virginia, from the Washington, D.C. border to Turkeycock Run in Fairfax County (the “395 Project”); and (iii) its Senior Lien Revenue Bonds, Series 2019, which were used to finance the development, design, construction, maintenance and operation of two reversible HOT lanes along a 10-mile segment of I-95 in Northern Virginia, extending the existing reversible lanes of the 95 Project by 10 miles from its current southern terminus near Route 610 (Exit 143 – Garrisonville Road) in Stafford County south to the vicinity of Route 17 (Exit 133 – Warrenton Road), all within the median of the existing I-95 general purpose lanes (the “Fred Ex Project” and, together with the 95 Project and the 395 Project, the “Project.”); (iv) The bond proceeds will also pay the costs of refunding.

Pursuant to a presentation made and questions answered by Mr. Greenhouse; Chairman Holeman called for the motion to approve the resolution. Mr. Joyce motioned for approval which was seconded by Mr. Dane and approved unanimously by the Board. Voting aye: Ms. Marino and Messrs. Dane, Hoang, Holeman, Johnson, Joyce, and Mahone. Voting nay: None.

*iii. Pure Salmon Virginia, LLC – Final Resolution for \$214,700,000 (\$155,200,000 tax-exempt and \$59,500,000 taxable)*

Ms. Anna Mackley presented the final resolution for \$214,700,000 bond issuance, followed by presentations by Messrs. Mike Graff Jr., Mark Shea, Karim Ghannam, Gerald Toledano, Paul Inskeep, and Brandon Thorne.

The \$214,700,000 bond issuance is to be used for the following purposes (i) financing and refinancing certain of the costs of the acquisition, construction, development, installation and equipping of a vertically-integrated Atlantic salmon production, processing and manufacturing facility and related facilities, which may include, but shall not necessarily be limited to solid waste disposal and/or sewage facilities (collectively, the “Project”), located at the intersection of Greenhill Drive and Route 19 in Cedar Bluff, Virginia in Tazewell and Russell Counties, Virginia; and (ii) financing of other capital projects at the Project named above and amounts required for reserves, working capital, capitalized interest, costs of issuance and other financing expenses related to the issuance of the revenue bonds. This project will create an anticipated 216 new jobs.

Pursuant to presentations made and questions answered by Messrs. Graff, Shea, Ghannam, Toledano, Inskip, and Thorne; Chairman Holeman called for the motion to approve the resolution. Mr. Hoang motioned for approval which was seconded by Mr. Joyce and approved unanimously by the Board. Voting aye: Ms. Marino and Messrs. Dane, Hoang, Holeman, Johnson, Joyce, and Mahone. Voting nay: None.

V. Board Review and Ratification

Ms. Anna Mackley presented three (3) Child Care Financing Program loan approvals by management for ratification.

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

Public Comment Period

Chairman Holeman called for comments from the attending public. Hearing none the comment period and the Public Hearing was closed at 1:05 p.m.

VI. Other Business

A. *Update on JLARC recommendations*

Mr. Howard Pisons updated the Board regarding JLARC's recommendations.

B. *Dashboard Report*

Ms. Bonnie Hite presented VSBFA's Dashboard report.

C. *Software Implementation*

Ms. Bonnie Hite updated the Board on the ongoing process of acquiring and vetting new software systems AccuFund and CommonGoals.

D. *SSBCI 2.0*

Ms. Cheryl Bostic informed the Board about the overall scope of SSBCI 2.0 and how SSBCI 1.0 was framed.

VII. Having no further business the meeting was adjourned at 1:59 pm.

**VIRGINIA ECONOMIC DEVELOPMENT LOAN FUND**

**Program Purpose: Provide loans to businesses or local Authorities to promote economic development through job creation and increased tax revenues.**

**Applicant:**  
**Industrial Development Authority of Pittsylvania County, Virginia**  
**Address:**  
**1 Center Street, P.O. Box 426, Chatham, VA 24531**  
**IDA Contact: Matthew Rowe, Dir. Of Economic Development**  
**Email: [matthew.rowe@pittgov.org](mailto:matthew.rowe@pittgov.org)**  
**EIN: 52-1301728**

**Date: 01/05/2022**  
**Project Manager: Linda K. Tackett**

**Participating Lender:**  
**American National Bank (ANB),**  
**628 Main Street, Danville, VA 24541**  
**Name of Account Officer: Ted Laws, SVP, Market President**  
**Phone Number: 1-434-773-2299**  
**Email Address: lawst@amnb.com**

<b>Rural/distressed Y or N</b>	<b>Yes</b>	<b>Date of note</b>	<b>TBD</b>
<b>Date of Last FYE</b>	<b>06/30/2021</b>	<b>Annual Revenues</b>	<b>\$340M</b>
<b>NAICS</b>	<b>999300-3251 (IDA)</b>	<b>Start-up Y or N</b>	<b>No for IDA</b>
<b>Jobs Created</b>	<b>200</b>	<b>Jobs Saved</b>	<b>0</b>
<b>Wage Rate</b>	<b>\$37,000 /year</b>	<b>Year business started</b>	<b>IDA - 1969</b>
<b>Locality</b>	<b>Pittsylvania County</b>	<b>Planning District</b>	<b>12 West Piedmont</b>
<b>Fund (State, Federal or SSBCI)</b>	<b>State</b>		

**Loan Request**

<b>Amount</b>	<b>Use of Funds</b>	<b>Other Lender(s)/Source of Funds</b>	<b>Total Project Cost</b>
\$1,020,000	To finance the “construction upcharges” of a new 150,000 Sq. Ft. manufacturing facility on 19.6 acres located on Highway 29 in the Southern VA Multimodal Park, Hurt, VA.	American National Bank - \$8,592,280	ANB - \$8,592,280 VSBFA \$1,020,000
			Total Financing - \$9,612,280

**Terms**

Rate	Repayment Schedule	Amount of Payment	Maturity Date
VSBFA 2.44% Fixed (75% of the WSJ Prime Rate at loan closing.)	VSBFA (7 Year Term/25 Year Amortization)  ANB (7 Year Term/ 25 Year Amortization)  Both Lenders to provide 18 months calculated at interest only, followed by 66 months of P&I payments (84 mos. total).	VSBFA \$4,546 / mo. \$54,552 / annually  ANB \$43,484 / mo. \$521,808 / annually	7 Years from loan closing.

### Collateral

Type	Lien Position/Amount of Senior Lien	LTV	Source of Value	Date of Appraisal
2nd Deed of Trust on Commercial Property	VSBFA to hold a 2 <sup>nd</sup> D/T in the amount of \$1,020,000 on a newly constructed manufacturing facility located on 19.6 acres on Highway 29 in the southern Virginia Multimodal Park, Hurt, VA. 1 <sup>st</sup> D/T held by ANB in the amount of \$8,592,280 (ANB LTV 82%)	91.8%	Appraisal - \$10,470,000 VSBFA \$1,020,000 ANB \$8,592,280 Total \$9,612,280 / \$10,470,000 = 91.8%	April, 2021 ANB reviewed/approved.

### Guarantors

Name	Total Assets	Total Liabilities	Outside Net Worth	FS Date
Borrower: IDA of Pittsylvania County Virginia	\$9,129 (in thousandths)	\$6,099	\$3030	6/30/2021 Financial Audit

### Covenants

### Conditions of Approval

The County of Pittsylvania, Virginia will provide Moral Obligations to support this request.

Updated on Appraisal to include construction upcharges.

All cash grants awarded to the County for the subject project will be applied to reduce the principle balance of ANB's loan when received. Total expected cash grant eligible to retire debt is just under \$4.0 MM. ANB has an assignment of all cash grants for this project.

All intercompany and member loans are subordinated to VSBFA.

ANB to take an assignment of the Construction Contract with ARCO Design/Build, LLC (general contractor).

The ANB loan to be funded prior to VSBFA funding.

- Does this business have any of the following: Revenues of \$10 million or less, or a net worth of \$1 million or less, or 250 or fewer employees?      Yes or N    Yes
- Minority owned business?      Yes or No    No

Please indicate:

Gender:      Not applicable

- Male  
 Female  
 Male and Female

Race:

- Asian  
 Black  
 Hawaiian or Pacific Islander  
 Native American  
 White

Hispanic:

- Yes

**Approval**

By: Linda K. Tackett

Date: 01/05/2022

By: Anna Mackley

Date: 01/07/2022

By: Howard Pisons

Date: 01/07/2022

**Funding Sources**

VSBFA	\$ <u>1,020,000</u>
Other Bank	\$ <u>8,592,280 (ANB)</u>
Other Public	\$ <u>1,684,013 (IDA)</u>
Equity	\$ <u>9,000,000 (Equipment Rage Corporation)</u>
Total Project	\$ <u>\$20,296,293</u>

**Project Type**

(check one)  
Start-up X  
Expansion \_\_\_\_\_  
Retention \_\_\_\_\_



Virginia Small Business  
Financing Authority

**Economic Development Loan Fund  
Credit Memorandum**

01/05/22

Linda K. Tackett

**Request Summary**

Borrower: Industrial Development Authority of Pittsylvania County, VA

VSBFA Loan Amount: \$1,020,000

VSBFA Interest Rate: 2.44% Fixed (75% of WSJ Prime Rate, currently 3.25%)

Term: 7 Year Maturity (25 Year Amortization)

**Briefly Describe the Project and Location**

The IDA of Pittsylvania County Virginia is requesting financing in the amount of \$1,020,000. Proceeds of the loan will be used to finance “construction upcharges” of a new 150,000 square foot concrete tilt up building for Staunton River Plastics, LLC, located on 19.6 acres on Highway 29 in the Southern Virginia Multimodal Park, Hurt, Virginia. Construction upcharges are estimated to be \$1.0M with \$20,000 in loan closing costs. Staunton River Plastics is a wholly owned subsidiary of Rage Corporation. The Company was founded in 1964 in Hilliard, Ohio, and manufactures custom injection-molded and blow-molded containers, products and related components. The IDA solicited the VSBFA to utilize the Economic Development Loan Fund Program (EDLF), which provides low interest rate, gap financing for economic development projects. The primary Lender for this project is American National Bank (ANB), led by Ted Laws, Market President. ANB approved a Commercial Construction Mortgage in the amount of \$8,592,280 which closed on June 29, 2021. In December, 2021, the IDA received notification from ARCO Design/Build, LLC (general contractor), that the project would incur a price escalation in the amount of \$1.0M. This construction upcharge was due to increased costs for the roof membrane, added steel piping and final geotechnical modifications to the building’s design structure. Both the IDA and ANB reached the consensus that due to the Bank loan being previously closed in June, and the Bank’s loan to value limit of 85%, that gap financing through VSBFA’s EDLF Program would be a viable solution to finance the additional construction costs. Due to the construction nature of the loan, VSBFA will utilize State EDLF funding to avoid conflict with Federal construction requirements. To avoid future unplanned costs associated with the project, the IDA has entered into a contract with ARCO ensuring that all future construction overages beyond the subject increase will be paid by ARCO.

To support the proposed direct loan, VSBFA will record a 2<sup>nd</sup> Deed of Trust, behind ANB, on the subject commercial building. The new building has an “upon completion” appraisal



of \$10,470,000 (dated April, 2021). Due to the construction upcharges, VSBFA has requested that ANB request an update to the existing appraisal to include construction upcharges. This request will also be supported by a Moral Obligation from Pittsylvania County. Pittsylvania County has bond ratings of Aa3 from Moody's and AA- from S&P, as well as AA+ from Fitch. These ratings indicate a moderately sized tax base, below average resident wealth, strong reserves and liquidity, and a manageable debt and pension burden.

The IDA will own the subject building and lease back to its tenant, Staunton River Plastics, with monthly lease payments sufficient to cover both ANB and VSBFA loan payments. The term of the IDA's Facility Lease is 15 years. ANB will manage all aspects of the construction process for the new manufacturing facility to include third party inspections and construction draws. Both VSBFA's loan and the bank's loan will provide interest only payments for the first 18 months to accommodate the project's construction period.

The IDA and Rage Corporation have entered into a Performance Agreement, whereby the company has committed to invest \$34M to build and equip the new facility along with the creation of 200 jobs at an average wage rate of \$37K / year. Due to the substantial economic impact to the area, this project is being supported by many local and state elected officials as well as community leaders.

**Project Sources & Uses of Funds**

Sources			Uses		
American National Bank Commercial Mortgage	\$8,592,280	43%	Building Construction Costs	\$9,732,406	49%
VSBFA Loan	\$1,020,000	5%	Land Costs	\$981,151	5%
IDA Equity	\$1,121,277	6%	VSBFA Closing Costs	\$20,000	>1%
Equipment Costs	\$9,000,000	46%	Rage Corp M&E Equity	\$9,000,000	46%
Total Project	\$19,733,557	100%		\$19,733,557	100%

**Project Incentive Awards and Timeline:**

To offset a portion of the project costs, the IDA has applied and was approved for numerous local and State economic development incentives totaling \$5,089,500. Incentive awards began in 2021 and will continue through 2031 (10 years). In each case, the incentive grants are performance based and therefore are not awarded until Staunton River Plastics meets the respective grant requirements, such as job creation or capital investment, before the cash incentive is paid. As a condition of loan approval, ANB is taking an assignment of cash grant awards. As part of the Local Performance Agreement, the IDA shall pay to ANB, all cash economic incentives received by the Borrower on behalf of the project to be applied as principal curtailments to the Bank's loan. Grants that are eligible to be applied toward the Bank's outstanding debt are estimated to be just under \$4.0M. See schedule of incentives below.

Incentive	Year(s) Awarded	Total Award
Rail Access Program	2021	\$450,000
Virginia Talent Accelerator	2021 - 2022	\$532,000
State EZ Real Property Grant	2023	\$200,000
Local EZ Job Grant	2022 - 2024	\$97,500
State EZ Job Grant	2023 - 2027	\$728,000
Tobacco Region Opportunity Fund	2025	\$135,000
Commonwealth Opportunity Fund	2025	\$500,000
Virginia Investment Performance Grant	2026 - 2030	\$300,000
Tobacco Commission Site Improvement Grant	2025	\$500,000
Local Tax Rebate / Year	2025 - 2031	\$590,000
Waiver Local Building Permit	2021	\$50,000
Manufacturing Sales and Tax Exemption	2023	\$1,007,000
Total Incentive Package	2021 – 2031 (10 yrs)	\$5,089,500

- The \$500,000 Commonwealth Opportunity Fund Grant is being provided by the Virginia Economic Development Partnership (VEDP) and will be awarded if the company achieves performance metrics during the 3 year performance period.
- The \$300,000 Virginia Investment Performance Grant is being provided by VEDP based on the amount of capital investment provided by the company.
- The \$135,000 tobacco Region Opportunity Fund Grant will be awarded by the Tobacco Commission based on the satisfactory performance by the company as set forth in the performance grant agreement.
- The \$500,000 Virginia tobacco Region Site Improvement Grant was granted due to the facility's location in the Tobacco Region. The grant was awarded based on the physical improvements to the project site.
- The facility is located in a Virginia Enterprise Zone. The project has been awarded \$728,000 for job creation and up to \$200,000 for real property improvements to the project site.
- \$532,000 will be awarded for utilization of the Virginia Talent Accelerator Program, administered by VEDP, for the cost of manufacturing training for new hires.
- \$450,000 will be awarded by the Virginia Rail Industrial Access Program for the construction, reconstruction and improvement of the rail spur serving the project site.

**Loan Terms**

<b>Loan Amount Interest Rate</b>	<b>Repayment Terms</b>	<b>Payment Amount</b>	<b>Maturity</b>
ANB \$8,592,280 3.55% Fixed	7 Year Term (84 months); 25 year amortization	\$43,484 / Month \$521,808 /Year	July 15, 2028
VSBFA \$1,020,000 2.44% Fixed (75% of WSJ Prime Rate)	7 Year Term (84 months); 25 Year Amortization	\$4,546 / Month \$54,552 / Year	7 Years from loan closing
Total - \$9,612,280		\$48,030 / Month \$576,360 / Year	

- VSBFA’s rate will be fixed at 75% of the WSJ Prime Rate at the time of loan closing. VSBFA’s loan does not have an origination fee or a prepayment penalty. There is a onetime \$500 application fee for the EDLF program.

- ANB’s loan is fixed at 3.55% with a 7 year maturity and 25 year amortization. ANB assessed an origination fee of .375% (\$32,521), and a 2% prepayment penalty up to 24 months and a 1% prepayment penalty up to 48 months, with no penalty thereafter.

- ANB required that the Borrower (IDA of Pittsylvania) establish a Performance Bond with the contractor for the full loan amount naming ANB as loss-payee thereunder with regard to the subject property.

- To accommodate the construction period, both ANB and VSBFA will allow for 18 months of interest only payments, followed by P&I payments for the remaining 66 months. VSBFA funding for construction up charges will be made available after all ANB loan funding has been exhausted.

**Collateral Loan to Value**

<b>Type of Collateral</b>	<b>Lien Position</b>	<b>Loan Amount</b>	<b>Value</b>	<b>Loan to Value</b>	<b>Source of Value</b>
ANB - Commercial Deed of Trust – 150,000 S.F. Manufacturing Facility and 19.6 acres located in Hurt, VA	1st Priority D/T	\$8,592,280	\$10,470,00	82%	Bank ordered Appraisal, April, 2021
VSBFA Loan	2 <sup>nd</sup> D/T	\$1,020,000		91.8%	
Total Liens		\$9,612,280			

- ANB reviewed and approved an “Upon Completion” appraisal on the subject property valued at \$10,470,000. The Bank’s LTV is limited to no more than 85%.

- Collateral for the loan also includes an Assignment of Rents and Leases against the subject property. In addition, ANB’s loan has an Assignment of Construction Contract including the plans and specifications associated with the property improvements, which has been acknowledged by ARCO Design/Build, LLC.

- VSBFA's LTV at 91.8% is an exception to VSBFA's Credit Policy guidelines of 90%. The upgrades will be factored into the appraisal update that we are requesting. We expect the update to bring the LTV to within our guidelines. The cash grants that will be applied to principal will further improve the LTV ratio in the first year.

### **Economic Development Benefits: 200 Jobs Created at \$37,000 / Year in Rural and Distressed Pittsylvania County**

The project is a mission fit for VSBFA with the construction of a new 150,000 sq. ft. commercial building for Staunton River Plastics (Rage Corporation). As part of the Performance Agreement between the IDA and Rage Corporation, the company will be required to invest \$34.0M and create 200 new full time positions at an average wage rate of \$37,000 per year at the new facility. The "performance period" is three years after the issuance date of the first Certificate of Occupancy for the building. The company's investment will consist of investments in building upfits (\$15.0M), and furniture, fixtures, machinery and equipment (\$19.0M). Over the performance period, the company has committed to adding an additional \$100,000 sq. ft. for a total of 250,000 to be completed in stages over the performance period. The machinery and equipment will consist of both new and used equipment owned by the company.

Danville, Virginia is considered both rural and distressed and has a population of 41,070. The annual per capita income is \$34,103. The median household income is \$62,843. Persons at or below the poverty level is 10.5%. (U.S. Census 2019) Top employers include Goodyear Tire & Rubber, City of Danville, Danville City Public Schools, Danville Regional Medical, Wal-Mart, Nestle USA, Averett University, Roman Eagle Memorial Home, Gretna Health Care Center and Adecco. The unemployment ratio for the City of Danville is 5.0%, against Virginia's average of 2.8% and the U.S. average of 3.7%.

### **Background Information: Rage Corporation**

Rage Corporation is a private family owned company headquartered in Hilliard, Ohio, with 2 existing facilities in Hilliard and another facility in AltaVista, Virginia. The company was founded in 1964 and over the past 57 years has grown into an industry leader for the manufacture of various plastic components utilizing advanced injection molding, injection stretch blow-molding, and automation/robotics technologies. The Company has contracts supplying FDA quality plastic bottles and containers, and various beauty supply related components for two Fortune 500 firms. Rage Corporation has 2 wholly-owned subsidiaries: Rage Plastics AltaVista, LLC, which has been in operation in AltaVista, Virginia since 2004 and occupies an 80,000 sq. ft. facility; and Staunton River Plastics, LLC, a new entity that will lease a 150,000 sq. ft. facility in Hurt, Virginia, from the Pittsylvania County IDA. The Pittsylvania County IDA will lease the facility to both Staunton River Plastics and its parent Rage Corporation.

Rage Corporation has approximately 200 employees throughout its facilities. With exponential growth in new and existing contracts, the Company is in a rapid growth mode in both capital expenses and new employees to increase capacity to meet contract demands, resulting in the need for the new 150,000 sq. ft. Hurt facility. The Company's

growth outlook includes the new 150,000 sq. ft. facility in Hurt, Virginia and the additional \$34M of new capital investment in property, building and machinery/equipment.

**VSBFA Exposure: IDA of Pittsylvania County**

Loan	Current Balance	Terms	Interest Rate	Monthly Payments	Maturity Date
EDLF Loan Approved (w/City of Danville)	\$1,500,000	11 Year Maturity/ 20 Year Amortization	2.44% Fixed	\$7,906 \$94,872 /annually	11 years from loan closing
Proposed EDLF Loan	\$1,020,000	7 Year Maturity / 25 Year Amortization	2.44% Fixed	\$4,546 \$54,552 /annually	7 years from loan closing
<b>Total Exposure</b>	<b>\$2,520,000</b>			<b>\$149,424</b>	

The request is being presented to the VSBFA Board due to the dollar amount being requested, which is in excess of \$1,000,000, the threshold for Board approval. It is important to note that the IDA of Pittsylvania County has a current EDLF approved loan in the amount of \$1,500,000, where they are Co-Borrowers with the IDA of Danville. This project involved the financing of a new shell building in Danville, Virginia’s Industrial Park and was approved by the VSBFA Board in September, 2021. This previously approved request is also supported by a Moral Obligation from both Pittsylvania County and the City of Danville.

**Borrower: The IDA of Pittsylvania County**

The IDA of Pittsylvania County, Virginia was created as a political subdivision of the Commonwealth of Virginia in 1969 by ordinance of the Board of Supervisors of Pittsylvania County. The Authority is governed by seven directors appointed by the Board of Supervisors of Pittsylvania County. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Pittsylvania County. The County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Industrial Facilities Authority and as a member of the recently formed Staunton-River Regional Industrial Facilities Authority (FY2019). These authorities work in concert to attract industry and business to Southside Virginia.

**The IDA of Pittsylvania County Financial Audits as of June 30, 2018 – 2021.**

(\$ In 000's)	2021	2020	2019	2018
Total Current Assets	\$6,015	\$3,982	\$2,588	\$1,424
Total Assets	\$9,129	\$8,088	\$7,886	\$8,055
Total Current Liabilities	\$3,911	(1,784)	(1,802)	(504)
Total Liabilities	(6,099)	(5,682)	(5,719)	(5,941)
Unrestricted	\$1,470	\$1,540	\$2,168	\$2,114
Total Net Position	\$3,030	\$2,405	\$2,168	\$2,114
Total Operating Revenues	\$122	\$140	\$95	0
Total Operating Expenses	(133)	(33)	(15)	(52,848)
Operating Income	(11)	\$107	\$80	(52,848)
Non-operating Revenues	(218)	(42)	(27)	(5)
Change in Net Position	\$625	\$65	\$53	(58)
Net Position Beginning Year	\$2,405	\$2,340	\$2,114	\$2,173
Net Position End Year	\$3,030	\$2,405	\$2,168	\$2,114

**Pittsylvania IDA Financial Highlights:**

- The financial statements of the Authority conform to generally accepted accounting principles (GAAP). The Statement of Net Position reports the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as net position.
- Capital Assets include property, plant, and equipment, less accumulated depreciation. Property, plant and equipment are carried at cost. No depreciation is taken on industrial projects, which are held for the purpose of development and resale.
- Unrestricted net position represents resources derived from charges to customers for goods received, services rendered, operating grants and contributions, and capital grants and contributions. These resources are used for transactions relating to the operations of the Authority and may be used at the Authority's discretion to meet any expenses including all debt obligations.
- It is the Authority's policy to consider restricted funds depleted before unrestricted net position is applied.
- The Authority does not have any deferred inflows or outflows of resources as of June 30, 2021.
- The Authority purchases land and develops it to promote industry in Pittsylvania County, Virginia. The Authority records this land at the lower of cost or market. The total recorded value as of June 30, 2021 was \$1,303,700.

- As a result of the spread of Covid-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The Authority is unable to estimate the impact of the pandemic for fiscal year 2022.

**Pittsylvania County, Virginia Financial Audits as of June 30, 2018 - 2021**

(\$ In 000's)	2021	2020	2019	2018
Current Assets	\$90,025	\$74,187	\$63,068	\$63,271
Total Assets	\$181,817	\$164,503	\$156,109	\$163,391
Deferred Outflows	\$9,460	\$7,080	\$5,481	\$5,526
Total Liabilities	(90,077)	(85,063)	(92,182)	(105,945)
Deferred Inflows	\$21,533	\$21,482	\$19,985	\$19,722
Net Investment in Capital Assets	\$36,996	\$28,869	\$22,285	\$23,610
Restricted	\$7,211	\$7,740	\$6,514	\$7,338
Unrestricted	\$35,460	\$28,428	\$20,625	\$12,301
Total Net Position	\$79,666	\$65,038	\$49,424	\$43,249
Total Revenues	\$83,985	\$76,694	\$77,951	\$75,167
Total Expenses	\$68,517	\$63,716	\$72,222	\$70,623
Net Position Beginning Year	\$64,198	\$52,060	\$43,895	\$38,705
Net Position End Year	\$79,666	\$65,038	\$49,424	\$43,249

**Pittsylvania County Financial Highlights:**

- For Pittsylvania County, the governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,666 at the end of the fiscal year.

- The remaining balance of unrestricted net position, which is \$35,460 may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the fiscal year, the county is able to report positive balances in all categories of net position.

- The County's net position increased by \$15,469 during the current fiscal year. The county's net position increased primarily due to the continued recovery from the Covid-19 pandemic. CARES funding for both the Primary Government and the School Board helped with this mitigation effort. Because of this increased funding, the County's contribution to the School Board was reduced again this year and resulted in a large carryover to future years.

- The County's business-type activities net position changed substantially with the absorption of the Service Authority for water and sewer activities. The County has obtained the infrastructure and operations related to the water and sewer operations. This resulted in the restatement and increase in beginning net position.

- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$47,099. Approximately 61% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.
- The general fund is the chief operating fund of the County. As of June 30, 2021, total fund balance of the general fund was \$44,321 of which \$28,643 was unassigned. As a measure of the general fund's liquidity, the unassigned fund balance represents 37% of the total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit.
- Overall general property taxes were up just under 1% over FY 2020. The most significant increase occurred in the Personal Property Tax Category at 8% over the prior year, which was offset by a decrease of 18% in Real and Personal Property Tax due to the loss of a power plant in the Town of Hurt. Other tax categories experienced both increases and decreases, which netted an overall increase in general property taxes by \$252M from the prior year.
- Other local taxes experienced an overall increase of 14% over FY2020. Increases occurred in Local Sales and Use Tax at 12%, Consumers' Utility Tax at 4%, Meals Tax at 12%, Motor Vehicle License at 25% and Taxes on Recordation and Wills at 18%. Decreases occurred in Consumption Tax (1%), Franchise License Tax (36%) Business Licenses (92%) and Bank Stock AX (1%).
- Overall primary government expenditures increased by 10% from FY2020, with much of this increase attributed to expenses related directly to the mitigation efforts of the Covid-19 pandemic. The county allowed additional funding for the EMT/Firefighter positions to help support the volunteer fire and rescue agencies throughout the County. Other related increases were a direct result of the effects of Covid-19 on the operation of the County's school system to include health services, instructional costs, technology, pupil transportation, food service, operations, and maintenance.



**Financial Analysis – Rage Corporation: Financial Audits March 31, 2018 – Sept. 31, 2021**

In March 2021, Rage filed IRS form 1128 to change the company's tax year end from March 31 to December 31.

(\$ In 000's)	9 Mos YTD 9/30/2021	9 Mos 12/31/2020 ("stub year")	12 Mos 3/31/2020	12 Mos 3/31/2019	12 Mos 3/31/2018
Total Current Assets	\$6,715	\$8,534	\$8,524	\$8,840	\$8,382
Total Assets	\$13,557	\$12,047	\$12,295	\$14,308	\$9,526
Total Current Liabilities	\$8,402	\$6,720	\$7,982	\$7,853	\$5,240
Total Liabilities	\$12,696	\$12,900	\$10,897	\$11,460	\$6,504
Common Stock	\$1	\$1	\$1	\$1	\$1
Member's Equity	\$(1,772)	\$1,437	\$1,405	\$2,282	\$1,351
Retained Earnings (Deficit)	\$2,632	\$(2,290)	\$(8)	\$566	\$1,670
Total Stockholder Equity	\$861	\$(853)	\$1,398	\$2,847	\$3,022
Total Liabilities & Stockholder Equity	\$13,557	\$12,047	\$12,295	\$14,308	\$9,526
Sales Revenue	\$20,666	\$21,634	\$25,093	\$24,036	\$21,821
Cost of Goods Sold	\$18,981	\$21,629	\$22,252	\$21,485	\$19,027
Sales/Admin Expenses	\$(1,505)	\$(1,404)	\$(1,978)	\$(2,051)	\$(2,020)
Income from Operations	\$180	\$(1,400)	\$862	\$499	\$774
Other Expenses	\$(240)	\$(169)	\$(729)	\$(614)	\$(26)
Income (Loss) Before Taxes	\$(60)	\$(1,568)	\$132	(115)	\$1,105
Income Tax Expense	\$(45)	\$(0)	\$(0)	\$(60)	\$(91)
Net Income (Loss)	\$(105)	\$(1,568)	\$132	\$(175)	\$1,014
+ Interest Expense	\$240				
+ Taxes	\$45				
+ Depreciation	\$330				
EBITDA	\$510				

**Cash Flows From Operating Activities (Audited Financial Reports)**

	9 Mos 12/31/2020 (stub year)	Audited FYE 03/31/2020
Net (loss) Income	\$(1,567,850)	\$132,393
Depreciation	\$3,177,024	\$1,794,205
LIFO reserve	\$575	\$208
Receivables	\$(843,723)	\$(1,382,567)
Inventory	\$(644,517)	\$(569,846)
Prepaid expenses	\$30	\$106
Accounts Payable	\$1,032,951	\$(7,711)
Accrued expenses	\$(97)	\$162
Net Cash from Operating Activities	\$1,661	\$443
Purchase of property & equipment	\$(2,368)	\$(67)
Payments on long-term debt	\$(1,171)	\$(859)
Payments on capital lease obligations	\$(7)	\$(67)
Proceeds from PPP	\$1,254,314	-
Proceeds from long term debt	\$3,840	\$599
Payments on equipment payable	-	\$(840)
Distribution to member	(683)	-
(Payments) Proceeds from lines of credit, net	\$(2,850,288)	\$1,049,019
Net Cash Provided By Financing Activities	\$384	\$(119)
Net (Decrease) Increase In Cash	\$(323)	\$257
Cash Beginning of year	\$944	\$687
Cash End of year	\$620	\$944

**Financial Highlights:**

- In March 2021, Rage filed IRS form 1128 to change the company's tax year end from March 31 to December 31. Altavista, a limited liability company, is treated as a partnership under the IRC. Therefore, income is included and taxed on individual members' tax returns according to their ownership percentages. Accordingly, no federal income tax expense was recorded for Altavista for periods ending 12/31/2020 and 03/31/2020.

- The financial statements include the accounts of Rage and its affiliate, Altavista Plastics. The majority investment interest in Altavista is held by a member of Rage management. As such, Rage and Altavista are under common management and ownership. All significant intercompany transactions and balances have been eliminated in the combined financial statements.

- Approximately 70% and 76% of the Company's revenue was generated from two customers for periods ending 12/31/2020 and 3/31/2020, respectively. These customers

accounted for approximately 70% and 84% of the Company's trade receivables as of 12/31/2020 and 03/31/2020.

- The Company had approximately \$0 and \$79,000 in bad debt expense for the nine months ended 12/31/2020 and 03/31/2020, respectively.
- Inventories consist of plastic and dye raw materials, tool room work-in-process items, and molded plastic finished goods. Raw materials and finished goods inventories are valued at the lower of cost or market value as determined under the last-in, first-out (LIFO) method for Rage and under the first-in, first-out (FIFO) method for Altavista.
- Depreciation expense was approximately \$3,177K and \$1,790K for periods 12/31/2020 and 03/31/2020. Bonus depreciation expense was approximately \$1,430K and \$0 for the periods 12/31/2020 and 03/31/2020.
- The company recognizes revenue upon the shipment of its products. Shipping and handling costs are expensed as incurred and were \$280K and \$320K for 12/31/2020 and 03/31/2020.
- The Company recorded the SBA Paycheck Protection Program loan amount as debt on their financial statements until paid in full or forgiven. In May, 2021 the company received forgiveness for its PPP Term Note.
- The Company has a note payable due to the estate of the former President of the Company. The loan is subordinate to loans payable to the banks. The principal balance due was approximately \$630,000 as of 12/31/2020 and 3/31/2020. The Company did not incur interest expense on the note during the reviewed periods.
- The building and property used by the Company in Hilliard, Ohio are owned by a member of management of the Company. Rental expenses totaled approximately \$120K and \$190K during the nine months ending 12/31/2020 and 01/31/2020.
- Rage and Altavista have a revolving Line of Credit (LOC) for up to \$2.0M, which is renewed annually. The LOC is secured by all business assets in Hilliard, Ohio and guaranteed by the owners. The outstanding balance was \$2.0M and \$1,774K as of 12/31/2020 and 03/31/2020.
- The Company had an equipment LOC approved up to \$1,625M, which was converted to long-term debt in September, 2020 with an outstanding balance of \$1,507M.
- The Company had an additional equipment LOC approved up to \$1,160,000, which was converted to long-term debt in March 2020, with an outstanding balance of \$1,081M.
- The Company has an existing equipment LOC approved up to \$750,000 which showed an outstanding balance of \$553M as of 12/31/2020.
- As of 12/31/2020 and 03/31/2020, the Company was in compliance with an adjusted minimum tangible net worth financial covenant. The Bank requires that audited financial statements be provided within 90 days of the Company's fiscal year end.
- The Company has a 401(k) profit-sharing retirement plan that covers full time employees who have met age/service requirements. The company made contributions to the plan totaling \$16K and \$20K on 12/31/2020 and 03/31/2020.

### **Comments:**

The company is leveraged with total Liabilities at \$12,696M with a Debt to Worth of 14X. The PPP loan in the amount of \$1,254M has been forgiven and can be eliminated from liabilities, which will improve the Company's D to W to 5X. The current nine months of performance EBITDA as of 09/31/2021 is at \$510K when you add back interest expense (\$240K), Taxes (\$45K) and Depreciation (\$330K). EBITDA annualized is \$680K. The Company has a good cash position at \$2.1M that will serve as a resource for debt payment shortages. It is difficult to assess the future growth revenue of the new Hurt manufacturing facility. Total existing and proposed debt can be managed at break even by consistently meeting historic margins.

### **Strengths**

- As a component unit of Pittsylvania County, the IDA is fiscally dependent upon the County to cover all debt obligations. Pittsylvania County will provide a Moral Obligation to both ANB and VSBFA for the full amount of credit being requested.
- The IDA and Pittsylvania County's audited financial statements demonstrate a locality that is well funded with sufficient unrestricted assets to cover current and proposed debt obligations.
- The IDA injected \$1,121,277 as upfront equity in the project.
- Rage Corporation has provided a "Commencement Rent" in the amount of \$1,504,013 paid to the IDA in November, 2021, which demonstrates their financial commitment to the project.
- The project has qualified for \$5.1M in local and State Economic Development Incentives, with approximately \$4.0M of incentive eligible to reduce the Bank's debt when received. With these payments the project's loan to value is anticipated to continually improve for both ANB and VSBFA, as grants are used to reduce the loan's outstanding balance.

### **Weaknesses**

- Rage Corporation is leveraged and will need to maintain historic gross margins to achieve a breakeven debt service coverage at the new manufacturing facility. This is mitigated by the IDA being the Borrower for this transaction and the Moral Obligation provided by Pittsylvania County. This is further mitigated by the Company's cash position (\$2.1M) which can be utilized for debt payment shortages until the new facility's revenue levels have ramped up.

### **Approval Subject To:**

- Pittsylvania County Moral Obligation approved by Pittsylvania County Board of Supervisors prior to loan closing;
- As the project is awarded various State and local cash Grants, ANB will curtail the Bank's outstanding principal loan balance;
- Updating the appraisal;
- All intercompany and member loans are subordinated to VSBFA;
- The ANB loan to be funded prior to VSBFA funding.

**Approval Authority:**

**Regional Lending Manager:** Linda K. Tackett

**Date:** 01/05/2022

**Chief Credit Officer:** Anna Mackley

**Date:** 01/07/2022

**Executive Director:** Howard Pisons

**Date:** 01/07/2022

**Board of Directors:** \_\_\_\_\_

**Date:** 01/11/2022

**Virginia Small Business Financing Authority**

**Board of Directors Loan Business Meeting – January 11, 2022**

**Ratification of Staff Loan Decisions for November and December 2021**

**APPROVED**

<b><u>Loan Program</u></b>	<b><u>Amount of VSBFA Financing Assistance Requested</u></b>	<b><u>Lending Manager</u></b>
<b>Child Care Financing Program</b>		
E.L.F. Exploring Learning and Fun LLC	\$70,000	Karen White
<b>Loan Guaranty Program</b>		
Luca Belle Investments, LLC	\$276,250	Linda Tackett

**DECLINED**

**SWaM Business Microloan Program**

CP Trucking LLC	\$50,000	Karen White
PB TechGroup LLC	\$25,000	Karen White

All loans unanimously ratified by VSBFA Board of Directors on January 11, 2022.

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Howard F. Pisons, Executive Director

**CREDIT SUMMARY  
CHILD CARE FINANCING PROGRAM**

<b>Borrower:</b>	<b>E.L.F. Exploring Learning and Fun LLC</b>	<b>Date:</b>	<b>1/5/2022</b>
<b>Address:</b>	<b>4465 Brookfield Corporate Dr. Suite 104 Chantilly, VA 20151</b>	<b>Tax ID #:</b>	<b>26-1074387</b>
<b>Locality/Region:</b>	<b>Fairfax/Northern Virginia</b>	<b>Project Manager:</b>	<b>K. White</b>
<b>Planning District</b>	<b>District #1</b>	<b>Jobs Created</b>	<b>7</b>
<b>Rural/Distressed Yes or No?</b>	<b>No/No</b>	<b>Jobs Saved</b>	<b>0</b>
<b>Company Contact: Name</b>	<b>Mary Gray</b>	<b>Date of Last FYE:</b>	<b>12-31-2020</b>
<b>Phone number</b>	<b>(703) 899-4993</b>	<b>SIC/NAICS</b>	<b>624410</b>
		<b>Start-up Yes or No</b>	<b>N</b>

**Loan Request**

<b>Amount</b>	<b>Use of Funds</b>	<b>Other Lender(s)/Source of Funds</b>	<b>Total Project Cost</b>
\$70,000	Expansion, portable sinks, playground, furniture, flooring and start-up supplies	N/A	\$70,000

**Terms**

<b>Rate</b>	<b>Repayment Schedule</b>	<b>Amount of Payment</b>	<b>Maturity Date</b>
0%	Principal paid monthly through ACH deductions	No payments for 3 months and then 81 monthly principal payments of approximately \$865.00	84 months from origination date

**Collateral**

<b>Type</b>	<b>Lien Position/Amt of Senior Lien</b>	<b>LTV Value</b>	<b>Source of Value</b>	<b>Date of Appraisal</b>
Business assets	UCC Lien all business assets	100%	Invoices	N/A

**Guarantors**

<b>Name</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Outside Net Worth</b>	<b>PFS Date</b>
Mary Gray	\$995K	\$834K	162K	10/14/2021

**Covenants**

None.

**Conditions of Approval**

RLM recommends approval of the loan request based on the borrower's payment history. The business is an existing VSBFA customer with an outstanding Microloan and CCFP loan, both being paid as agreed. The 2020 business DSCR of 1.87X was strong but the GDSCR is 1.28X. The balance sheet is strong with cash assets of \$195K. The guarantor has 9 open trades on the credit report reflecting 0/30 with a 682 credit score.

Does this business have any of the following:  
Revenues of \$10 million or less, or  
A net worth of \$1 million or less, or  
50 or fewer employees?

Yes or No      yes

Minority owned business?      Yes or No      Yes

Please indicate:

Gender:

- Male  
 Female  
 Male and Female

Race:

- Asian  
 Black  
 Hawaiian or Pacific Islander  
 Native American  
 White

Hispanic:

- Yes

### Approval

By: Karen T. White

Date: 1/05/2022

By: Anna Mackley

Date: 1/05/2022

By: \_\_\_\_\_

Date: \_\_\_\_\_

### Funding Sources

VSBFA - New	\$ <u>70,000</u>
VSBFA Microloan	\$ <u>3,537</u>
VSBFA CCFP Loan	\$ <u>68,263</u>
Other Private	\$ _____
Private	\$ _____
Equity	\$ _____
Total Project	\$ <u>141,800</u>

### Project Type

(Check one)

Start-up \_\_\_\_\_

Expansion X

Retention \_\_\_\_\_



## **APPENDIX**

Global Cash Flow Template			
	2019	2020	10/30/2021
<b>Business Name: _ Exploring Learning &amp; Fun</b>			
<b>BUSINESS CASH FLOW</b>			
Net Income (Loss) after Tax_	\$190,690.00	\$73,760.00	\$94,048.00
Net Income (Loss) after Tax_			
+ Depreciation / Amortization	\$6,359.00	\$5,128.00	
+ Interest Expense			
- Non-deductible Expenses			
- Distributions / Dividends paid out			
- Maintenance Capital Expenditures			
+/- Other Adjustments			
<b>Net Business Cash Available for Debt Service</b>	<b>\$197,049.00</b>	<b>\$78,888.00</b>	<b>\$94,048.00</b>
<u>Business Debt Service</u>			
Interest Expense			
CMLTD - prior year			
Debt Service - existing	\$31,848.00	\$31,848.00	\$26,540.00
Debt Service -New_ <b>VS</b> BFA CCFP	\$10,380.00	\$10,380.00	\$10,380.00
<b>Total Business Debt Service</b>	<b>\$42,228.00</b>	<b>\$42,228.00</b>	<b>\$36,920.00</b>
<b>Business Net Cash Flow Surplus (Deficit)</b>	<b>\$154,821.00</b>	<b>\$36,660.00</b>	<b>\$57,128.00</b>
<i>Business Debt Service Coverage Ratio</i>	3.67x	0.87x	1.55x
<b>Name(s): Mary Gray</b>	<b>2019</b>	<b>2020</b>	<b>10/30/2021</b>
<b>PERSONAL CASH FLOW</b>			
Salary / Wage Income	\$60,000.00	\$60,000.00	\$50,000.00
Salary / Wage Income			
Interest & Dividend Income			
Schedule C - Sole Proprietorship(s)			
Schedule D - Capital Gains actual cash received			
Schedule E - Non-passive Income (rental)			
Schedule F - Farming Income			
Schedule K-1 - Net Distributions (Contributions)			
Other Income			
- Income Taxes Paid (6%)	-\$3,600.00	-\$3,600.00	-\$3,000.00
- Other Taxes and Expenses			
- Personal Living Expenses (10%)	-\$6,000.00	-\$6,000.00	-\$5,000.00
+/- Other Adjustments			
<b>Net Personal Cash Available for Debt Service</b>	<b>\$50,400.00</b>	<b>\$50,400.00</b>	<b>\$42,000.00</b>
<u>Personal Debt Service</u>			
Mortgage or Rent	\$56,400.00	\$56,400.00	\$47,000.00
Debt Service - Schedules C, E, & F			
Debt Service - existing	\$2,724.00	\$2,724.00	\$2,270.00
Debt Service - new_ <b>VS</b> BFA CCFP			
Debt Service - new_ <b>VS</b> BFA Microloan			
<b>Total Personal Debt Service</b>	<b>\$59,124.00</b>	<b>\$59,124.00</b>	<b>\$49,270.00</b>
<b>DTI</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
<b>Personal Net Cash Flow Surplus (Deficit)</b>	<b>-\$8,724.00</b>	<b>-\$8,724.00</b>	<b>-\$7,270.00</b>
<i>Personal Debt Service Coverage Ratio</i>	0.85x	0.85x	0.85x
	<b>2019</b>	<b>2020</b>	<b>10/30/2021</b>
<b>GLOBAL CASH FLOW</b>			
<b>Global Net Cash Available for Debt Service</b>	<b>\$247,449.00</b>	<b>\$129,288.00</b>	<b>\$136,048.00</b>
<b>Global Debt Service</b>	<b>\$101,352.00</b>	<b>\$101,352.00</b>	<b>\$86,190.00</b>
<b>Global Net Cash Flow</b>	<b>\$146,097.00</b>	<b>\$27,936.00</b>	<b>\$49,858.00</b>
<i>Global Debt Service Coverage Ratio</i>	2.44x	1.28x	1.58x

## LOAN GUARANTY PROGRAM

**Program Purpose:** To assist Virginia's small businesses in obtaining the capital they need to improve and expand their operations and thereby create new job opportunities within the Commonwealth.

<b>Borrower:</b>	Luca Belle Investments, LLC T/A The Fit Club Danville	<b>Date:</b> 12/22/2021	<b>EIN:</b> TBD
<b>Address:</b>	928 Cycle Lane South Hill, VA 23970	<b>Project Manager:</b>	L. Tackett
<b>Locality/Region:</b>	Mecklenburg County	<b>Jobs Created</b>	10
<b>Planning District</b>	13 Southside	<b>Jobs Saved</b>	0
<b>Rural/Distressed</b>	Yes	<b>Date of Last FYE:</b>	N/A (startup)
<b>Company Contact:</b>	William R. Crowder, Jr. (100% Owner)	<b>NAICS</b>	713940
<b>Email:</b>	info@thefitclubva.com	<b>Start-up Yes (Less than 2 Years)</b>	Yes (LLC est. in Oct., 2021)
<b>Phone number</b>	434-755-1281 and 434-774-6489 (Cell Phone)		
<b>Type of Business</b>	Fitness Center to be located in Danville, Va. at 121 Piney Forest Rd., Danville, VA 24540.		

### Guaranty Request

<b>Amount and % of Guaranty</b> 25% or \$276,250	<b>Amount of Loan</b> \$1,105,000	<b>Name of Bank</b> Touchstone Bank (Wes Shepherd, VP, Market Exec.)	<b>Purpose</b> To finance the purchase of a 28,000 sq. ft. commercial building, construction improvements and land (3.2 acres), located at 121 Piney Forest Rd., Danville, VA 24540. (The Fit Club, Danville's new business location).
<b>Bank Risk Grade - 4</b>			

### Terms

<b>Rate</b> 4.25% Fixed/ 5 Years and 9 months/ 15 Year Amortization	<b>Repayment Schedule</b> During the 9 months of construction, payments will be calculated at "interest only", followed by 60 months of P&I payments.	<b>Amount of Payment</b> \$8,312 monthly (P&I) \$99,744 (annually)	<b>Maturity Date</b> 69 months from loan's closing date.
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### Collateral

<b>Type and Lien Position</b> 1 <sup>st</sup> Deed of Trust on 121 Piney Forest Rd., Danville, VA 24540 (located on a 3.2 acre lot); 1 <sup>st</sup> D/T on 8.23 acres off N. Mecklenburg Ave. UCC filing FF&E (no value assigned)	<b>Amount of Senior Lien</b> \$1,105,000 (Bank Loan)	<b>LTV Value</b> \$1,300,000 (121 Piney Forest Rd.) \$130,377 (Raw land, Mecklenburg Ave.) Total - \$1,430,377 LTV - 77.25% (\$1,105,000/\$1,430,377 = 77.25%)	<b>Source Bank ordered Commercial Appraisal and market value of raw land.</b>	<b>Date of Appraisal</b> Jan., 2022 Value of Appraisal = \$1,300,000 LTV limited to 85% of Appraised Value
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The Bank will also have an Assignment of Life Insurance on William R. Crowder, Jr. with a benefit of \$1,000,000.

### Guarantors

Name	Total Assets	Total Liabilities	Outside Net Worth	PFS Date
William R. Crowder Jr., and Liliana J. Crowder	\$3.0MM	\$310M	\$2.7 MM	09/08/2021

The credit will also have Corporate Guarantors from The Fit Club, Danville, LLC and TFC Investments, LLC.

### Covenants

- Touchstone will require the loan will be cross-collateralized with The Fit Club, South Virginia loan. Collateral Value \$1,165,000 (2018) Current Balance \$712,000 (Nov. 2021).
- Touchstone will require a minimum DSC ratio of 1.25X to begin in 2023.
- Touchstone will limit distributions to those needed for tax liability only.

### Conditions of Approval

Receipt of Commercial Appraisal on 121 Piney Forest Rd., Danville, Va. with an LTV limit of 85%.

Touchstone to have Assignment of Life Insurance Policy on William R. Crowder, Jr. with a benefit of \$1,000,000.

Does this business have any of the following:

Revenues of \$10 million or less, or  
A net worth of \$1 million or less, or  
50 or fewer employees?

Yes or No      \_\_\_ YES \_\_\_

Minority owned business?      Yes or No      \_\_\_ No \_\_\_

Please indicate:

Gender:

- Male  
 Female  
 Male and Female

Race:

- Asian  
 Black  
 Hawaiian or Pacific Islander  
 Native American  
 White

Hispanic:

- Yes

Name of Bank Officer: Wes Shepherd, VP, Market Executive ([wes.shepherd@touchstone.bank](mailto:wes.shepherd@touchstone.bank)) Branch address: 4300 Crossings Blvd., Prince George, VA.

Phone number : 434-735-2248

### Approval

By: L. Tackett, RLM

Date: 12/22/2021

By: Anna Mackley, Chief Credit Officer Date: 12/30/2021

By: HF Pisons  
HF Pisons (Dec 30, 2021 16:22 EST) Date: Dec 30, 2021

**Funding Sources**

VSBFA	\$ <u>276,250 (25% LGP)</u>
Equity	\$ <u>195,000 (15%)</u>
Bank Loan	\$ <u>1,105,000</u>
Total Project	\$ <u><b>\$1,300,000</b></u>

**Project Type**

(Check one)

Start-up X (New LLC est. 2021)

Expansion \_\_\_\_\_

Retention \_\_\_\_\_

**CREDIT SUMMARY  
SMALL BUSINESS MICROLOAN PROGRAM**

<b>Borrower:</b>	<b>CP Trucking LLC</b>	<b>Date:</b>	<b>12/07/2021</b>
<b>Address:</b>	<b>14311 Dykeland Road Amelia, VA 23234</b>	<b>Project Manager:</b>	<b>K. White</b>
<b>Locality/Region:</b>	<b>Amelia</b>	<b>Jobs Created</b>	<b>2</b>
<b>Planning District</b>	<b>District #15- NoVA</b>	<b>Jobs Saved</b>	<b>0</b>
<b>Rural/Distressed Yes or No?</b>	<b>Yes/No</b>	<b>Date of Last FYE:</b>	<b>12/31/20</b>
<b>Company Contact: Name</b>	<b>Corey Person, Owner</b>	<b>SIC/NAICS</b>	<b>425120</b>
<b>Phone number</b>	<b>(804) 316-5644 <a href="mailto:coreyperson@cptruckingllc.com">coreyperson@cptruckingllc.com</a></b>	<b>Start-up Yes or No</b>	<b>No</b>

**Loan Request**

<b>Amount</b>	<b>Use of Funds</b>	<b>Other Lender(s)/Source of Funds</b>	<b>Total Project Cost</b>
\$50,000.00	Working capital to expand business, Purchase equipment and supplies.	N/A	\$50,000.00

**Terms**

<b>Rate</b>	<b>Repayment Schedule</b>	<b>Amount of Payment</b>	<b>Maturity Date</b>
Wall Street Journal Prime Rate	Principal and interest paid monthly through ACH deductions	Approximately (e) principal and interest per month	months from origination date

**Collateral**

<b>Type</b>	<b>Lien Position/Amt of Senior Lien</b>	<b>LTV Value</b>	<b>Source of Value</b>	<b>Date of Appraisal</b>
Business assets	UCC Lien all business assets	N/A	N/A	N/A

**Guarantors**

<b>Name</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Net Worth</b>	<b>PFS Date</b>
Corey Person Blunt	\$0K	\$0K	\$0K	Dated 00/0/00

**Covenants**

None.

**Conditions of Decline**

RLM recommends declination based on delinquent past or present credit obligations with others, and a recent bankruptcy. The guarantor's credit score is 510. The 2020 tax returns reflect a loss of (\$17k) and the 2019 tax returns reflect (\$0) income for the business.

Does this business have any of the following:  
Revenues of \$10 million or less, or  
A net worth of \$1 million or less, or  
50 or fewer employees?

Yes or No      yes

Minority owned business?      Yes or No      No

Please indicate:

Gender:

- Male
- Female
- Male and Female

Race:

- Asian
- Black
- Hawaiian or Pacific Islander
- Native American
- White

Hispanic:

- Yes
- No

**Decline**

By: Karen T. White

By: [Signature]

By: \_\_\_\_\_

Date: 12/15/2021

Date: 12/15/2021

Date: \_\_\_\_\_

**Funding Sources**

VSBFA	\$	<u>50,000</u>
Other Private	\$	_____
Private	\$	_____
Equity	\$	_____
Total Project	\$	<u>50,000</u>

**Project Type**

(Check one)

Start-up	_____
Expansion	<u>X</u>
Retention	_____

**CREDIT SUMMARY  
SMALL BUSINESS MICROLOAN PROGRAM**

<b>Borrower:</b>	<b>PB TechGroup LLC</b>	<b>Date:</b>	<b>12/07/2021</b>
<b>Address:</b>	<b>4706 E. Caryhurst Street Richmond, VA 23223</b>	<b>Project Manager:</b>	<b>K. White</b>
<b>Locality/Region:</b>	<b>Henrico</b>	<b>Jobs Created</b>	<b>0</b>
<b>Planning District</b>	<b>District #15- NoVA</b>	<b>Jobs Saved</b>	<b>0</b>
<b>Rural/Distressed Yes or No?</b>	<b>No/No</b>		
<b>Company Contact: Name</b>	<b>Preston Blunt, Owner</b>	<b>Date of Last FYE:</b>	<b>12/31/20</b>
<b>Phone number</b>	<b>(804) 878-2299 <a href="mailto:prestonblunt@gmail.com">prestonblunt@gmail.com</a></b>	<b>SIC/NAICS</b>	<b>541512</b>
		<b>Start-up Yes or No</b>	<b>No</b>

**Loan Request**

<b>Amount</b>	<b>Use of Funds</b>	<b>Other Lender(s)/Source of Funds</b>	<b>Total Project Cost</b>
\$25,000.00	Working Capital for payroll and expansion	N/A	\$25,000.00

**Terms**

<b>Rate</b>	<b>Repayment Schedule</b>	<b>Amount of Payment</b>	<b>Maturity Date</b>
Wall Street Journal Prime Rate	Principal and interest paid monthly through ACH deductions	Approximately principal and interest per month	months from origination date

**Collateral**

<b>Type</b>	<b>Lien Position/Amt of Senior Lien</b>	<b>LTV Value</b>	<b>Source of Value</b>	<b>Date of Appraisal</b>
Business assets	UCC Lien all business assets	N/A	N/A	N/A

**Guarantors**

<b>Name</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Net Worth</b>	<b>PFS Date</b>
Preston Blunt	\$0K	\$0K	\$0K	Dated 00/0/00

**Covenants**

None.

**Conditions of Decline**

RLM recommends declination based on delinquent past with others, and insufficient (one line of credit) credit references provide on the Experian credit report. The guarantor's credit score is 540. The tax returns did not reflect any business activity or income in 2019 therefore the business is less than two (2) years old.



Does this business have any of the following:

Revenues of \$10 million or less, or  
A net worth of \$1 million or less, or  
50 or fewer employees?

Yes or No yes

Minority owned business? Yes or No No

Please indicate:

Gender:

- Male
- Female
- Male and Female

Race:

- Asian
- Black
- Hawaiian or Pacific Islander
- Native American
- White

Hispanic:

- Yes
- No

Decline

By: Karen T. White  
By: [Signature]  
By: \_\_\_\_\_

Date: 12/15/2021  
Date: 12/1  
Date: \_\_\_\_\_

Funding Sources

VSBFA \$ 25,000  
Other Private \$ \_\_\_\_\_  
Private \$ \_\_\_\_\_  
Equity \$ \_\_\_\_\_  
Total Project \$ 25,000

Project Type

(Check one)  
Start-up \_\_\_\_\_  
Expansion X  
Retention \_\_\_\_\_