

MINUTES

**VIRGINIA SMALL BUSINESS FINANCING AUTHORITY
BOARD OF DIRECTORS MEETING
January 8, 2019 – 12 P. M.
101 N. 14 Street, 11th Floor Board Room
Richmond, Virginia**

- I. Board Directors present: Chairman John Hopper, Vice Chairman Neil Amin, Mr. Corey Holeman, Mr. William Smith, Mr. Linh Hoang, Mr. Michael Joyce, Dr. Monique Johnson, and Ms. Janet Aylor (on behalf of the Honorable Manju Ganeriwala)

Board Directors absent: The Honorable Manju Ganeriwala and Ms. Tracey Wiley

VSBFA Staff: Mr. Mark Heede, Ms. Anna Mackley, Mr. Ray Killinger, Ms. Linda Gilbert (via telephone), 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. Gregory Montgomery (CleanSource Capital), Mr. Al Christopher (Va. Department of Mines, Minerals and Energy), via telephone: Mr. Michael Graff (McGuireWoods LLP), Mr. Rob Feigenson (Morgan Stanley), and Mr. Al Diaz (Marymount University)

Chairman Hopper called the meeting to order. The attendees participating by telephone introduced themselves.

- II. Approval of Minutes: On a motion by Mr. Joyce, seconded by Mr. Hoang, the December 11, 2018 Board of Directors Meeting minutes were unanimously approved. Voting aye: Chairman Hopper, Vice Chairman Amin, Mr. Joyce, Mr. Hoang, Dr. Johnson, Mr. Holeman, Ms. Aylor, and Mr. Smith, Voting no: None. (Dr. Johnson was not present for the vote.)

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

- A. Church Schools in the Diocese of Virginia - City of Richmond. Mr. David Richardson, bond counsel with McGuire Woods, reviewed the changes to the Educational Facilities Revenue Refunding Bond, Series 2017F and Series 2017G. On a motion by Mr. Holeman, seconded by Mr. Smith, the Board of Directors unanimously approved the resolution of Certain Modifications to the Terms of a Bond and Loan Agreement requesting changes to Financial Records and Statement reporting requirements. Voting aye: Chairman Hopper, Mr. Holeman, Mr. Smith, Vice Chairman Amin, Mr. Hoang, Ms. Aylor, and Mr. Joyce. Voting no: None. (Dr. Johnson was not present for the vote.)
- B. Carillion Medical Center, et al. - City of Roanoke. Mr. Heede introduced the Hospital Revenue Bonds, Series 2008A and Series 2008B. Mr. Richardson reviewed the changes to the interest rate. On a motion by Mr. Hoang, seconded by Vice Chairman Amin, the Board of Directors unanimously approved the resolution requesting changes to the

interest rate mode. Voting aye: Chairman Hopper, Mr. Hoang, Vice Chairman Amin, Mr. Holeman, Ms. Aylor, Mr. Joyce, and Mr. Smith. Voting no: None. (Dr. Johnson was not present for the vote.)

- C. Provident Group-Ballston Properties, LLC - City of Arlington. Mr. Heede presented the amendment to the Resolution for revenue bonds to purchase real estate for use as student and faculty housing at Marymount University. Mr. Mike Graff, of McGuire Woods, provided an update on the bond transaction and answered questions from the Board. The amendment reflects Morgan Stanley's role as direct purchaser, rather than underwriter, of the bonds. On a motion by Vice Chairman Amin, seconded by Mr. Hoang, the Board of Directors unanimously approved the amended resolution as presented. Voting aye: Chairman Hopper, Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Ms. Aylor, Mr. Joyce, Mr. Smith, and Dr. Johnson. Voting no: None.

Chairman Hopper closed the Public Hearing at 1:10 p.m.

- IV. Green Bond Program Presentation - Ms. Mackley reviewed the history of the Virginia SAVES Green Community Program and presented the idea of the Authority adding an adjunct program to its existing bond capacity with the Green Bond Program. This certification would be appealing to bond buyers looking for green projects. Mr. Al Christopher, with the Department of Mines, Minerals and Energy (DMME), spoke about the 2018 Virginia Energy Plan. Mr. Christopher noted a need for financing programs especially in clean energy and energy conservation. He noted there is a specific recommendation to reconstitute the Virginia SAVES program with new sources of revenue to deploy an energy efficiency-financing program. The Virginia SAVES program was very successful, was in great demand with many projects, measureable benefits to the Commonwealth, and a great public private partnership. Mr. Christopher stated DMME knows this energy-financing tool is vital and that the Governor's office wants to underscore its effectiveness. The financing provided by the Authority, is a needed part of the overall tool kit and critical to advancing the cause. Mr. Gregory Montgomery, of Clean Source Capital, presented information on Green Bonds, a financing vehicle instrument that is emerging to address the increasingly adverse issue of climate change. The capital markets are responding by seeking sustainable environmental oriented investments, which provide access to capital for projects that address climate change issues. Green bonds are emerging as the preferred financial vehicle for environmentally conscious investors. Mr. Montgomery reviewed the set of four principles drafted by the International Capital Markets Association in 2014. These principles are used by issuers to define a green bond, use of proceeds, project evaluation selection, management of proceeds, and reporting.

Mr. Montgomery also discussed how green bond programs would be structured and administered through the Virginia SAVES' platform. The objective of the program would be to use laws and regulations to establish a framework of environmentally sustainable policies. These considerations include program design, policy framework, eligible borrowers, project eligibility, and ensuring that the proceeds are used appropriately. Given the breadth of legislation and the wide variety of bonds the Authority has worked with, Mr. Montgomery felt that VSBFA would be a strategic partner to administer a green bond program in Virginia.

This partnership would support the policies and objectives of the current Administration, legislature, utilities and other entities that are trying to make a difference.

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

Mr. Heede reviewed a declined \$25,000 SWaM Microloan application. Ms. Mackley discussed a \$500,000 loan guaranty in support of a term loan and line of credit to Access National Bank. On a motion from Vice Chairman Amin, seconded by Mr. Joyce, the Board of Directors unanimously ratified both loan decisions. Voting aye: Chairman Hopper, Vice Chairman Amin, Mr. Joyce, Mr. Holeman, Mr. Smith, Dr. Johnson, Ms. Aylor, and Mr. Hoang. Voting no: None.

VI. Other Business

A. Mr. Heede informed the Board that he has written a policy to provide for consistency in assigning interest rates for VSBFA direct loans. He also followed up on his discussion with Unbound VA. Unbound solicits entrepreneurs for development and support with mentorship, marketing, and access to capital. The organization partners with Village Bank that provides loans which are 100% cash secured with funds provided from investors of Unbound. The entity became aware of the feasibility of supporting the loan pool with 40% from the VSBFA's Cash Collateral Program. This effort will provide support to a community of start-up business owners who are underserved. A test program, allocating up to \$100,000 that could support approximately 30 businesses is being considered. A Memorandum of Understanding will be provided to Board for this program. Mr. Heede then reviewed the status of various loan requests that have been received by VSBFA staff.

B Ms. Mackley introduced Ms. Todd Boyle who was recently hired as a new loan accounting specialist.

C. Ms. Mayton informed the Board of the status of the legislative session and the bills that affected the agency. She requested the Board members to speak to their legislators if any bills came up that might impact the VSBFA. She also reminded the Board to complete their statement of interest forms.

VII. The meeting was adjourned.