



MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

BOARD OF DIRECTORS MEETING

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

By Public Teleconference

(866) 845-1266, 65069804#

- I. Chairman Hopper opened the meeting at 12:10 and welcomed the Board and guests. Mr. Pisons was asked to conduct a roll call for the telephonic meeting:
 - A. Board Directors present: Vice Chairman Neil Amin, The Honorable Manju Ganeriwala, Mr. Linh Hoang, Mr. Corey Holeman, Chairman John Hopper, Mr. Ronnie Johnson, Mr. Michael Joyce, Ms. Jennifer Mayton, Mr. Sanjay Puri, Mr. William Smith
 - B. Board Directors absent: None
 - 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: Ms. Pamela Warden, Director of Economic Development, Tazewell IDA, and Melanie Protti-Lawrence, President of Lawrence Brothers, Lawrence Brothers, Inc.
- II. Chairman Hopper called the meeting to order and read the Emergency Declaration allowing public board meetings and hearings to be held by toll free telephonic conferencing due to the COVID-19 state-of-emergency.
- III. Approval of Minutes

A motion was made by Mr. Holeman and seconded by Ms. Ganeriwala to approve the January 12, 2021 Board of Directors Meeting minutes. Mr. Pisons called the roll. Voting aye: Vice Chairman Amin, Ms. Ganeriwala, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Ms. Mayton, Mr. Puri, and Mr. Smith. Voting nay: None.

The Public Hearing was declared open at 12:12 p.m.
- IV. Federal Economic Development Revolving Loan Request

Ms. Tackett presented a request from The IDA of Tazewell County Virginia and Lawrence Brothers, Inc. (LBI) that VS BFA provide financing in the amount of \$600,000. Proceeds of the loan will be used to finance new Electric Powder Coater equipment to be used at the LBI plant located at 203 Lawrence Road, Bluefield, VA. The IDA is requesting support to provide favorable financing terms to LBI, to protect the company's existing 80 full time positions and to support the company's product expansion, which will result in an additional 40 new full time positions over the next 5 years. Since the IDA of Tazewell is also serving as co-borrower, no Moral Obligation is being provided. Fernando and Melanie Protti-Lawrence, CEO and President of LBI respectively, will provide personal and unconditional guarantees of this request.

Ms. Tackett and Ms. Protti-Lawrence presented an overview of LBI business model and financial performance. Pursuant to the presentation brief discussion and questions raised by Messrs. Smith, Hoang, and Joyce found that:

1. LBI has two (2) primary customers of its products, EnerSys and EastPenn both companies have been customers since LBI's founding in 1974 as the first and second customers
2. LBI is the only USA company that makes mining battery trays and holds one third (1/3) of United States of America's market share on mode of power trays
3. LBI works as a second chance provider by cooperating with jails and recovery centers to offer reintegration back into society and the workforce by providing jobs and skills, this program has been very successful
4. LBI has averaged about \$500,000 in cash throughout 2020 and access to between \$750,000 and \$1,000,000 in cash flow, LBI has a line of credit account with BB&T for \$550,000 of liquidity that is renewed every three (3) years at a fixed rate of 4%

Chairman Hopper called for the motion to approve the loan guaranty request. Mr. Amin motioned for approval the motion was seconded by Mr. Smith and approved by the Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Ms. Ganeriwala, Mr. Hoang, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Ms. Marino, Ms. Mayton, Mr. Puri and Mr. Smith; Voting Nay: None

V. Board Review and Ratification

Ms. Mackley presented Kid Spirit's declined \$10,000 loan application due to inability to repay and poor credit. Chairman Hopper called for motion to approve the ratification request.

Chairman Hopper called for a motion to approve the ratification. Motion was made by Mr. Joyce, seconded by Mr. Johnson and approved by The Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Ms. Ganeriwala, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Ms. Marino, Ms. Mayton, Mr. Puri and Mr. Smith; Voting Nay: None; Abstained: Mr. Hoang

Mr. Pisons presented VSBFA \$750,000 EDLF for Churches of One Accord (COA), dba Center for Global Diplomacy in Virginia Beach. Mr. Pisons recalled for the Board that COA was counting on our \$750,000 loan plus a \$750,000 grant from the City of Virginia Beach to purchase the subject property to re-open a child day care center (Phase 1), then develop 35 LIHTC units 12-18 months after closing the subject acquisition (Phase 2). Fulton Bank was providing the development loan which would extinguish our loan when that loan was closed.

On 12/16/2020, a meeting with the DHNP Director, Fulton Bank Lender and Dr. Williams (Borrower) was convened to discuss the terms and conditions of DHNP's commitment letter.

1. The DHNP Director explained that the commitment is subject to conditions and with the understanding that the actual funding would not be provided unless and until all the requirements are met.
2. Significantly, funding would be provided only as part of the closing on the financing of the affordable LIHTC development project which is Phase II and not for Phase I, the acquisition of the property which Borrower needs to accomplish to proceed to Phase II.

3. The DHNP capital would be structured as a no-interest forgivable loan (no debt service requirements), versus a grant, as a mechanism to file a Second Deed of Trust in case the project does not succeed.
4. Borrower has two deliverable hurdles: 3/10/2022 and 7/15/2022 to complete tax credit applications and receive tax credit funding, respectively; and 9/30/2022, if Borrower fails to close both the acquisition funding (VSBFA) and development financing (Fulton Bank)

Pursuant to our findings, Borrower has asked the VSBFA to increase its loan from \$750,000 to \$1,000,000.

Borrower will then approach Seller with a million dollar payment and a request for \$500,000 of Seller financing for one year, with the same pricing and amortization as our loan. It is also understood that the VSBFA will maintain a first deed of trust, however, our loan to value will increase from approximately 47% to 63%.

Time being of the essence, Mr. Pisons polled The Board to increase the loan from \$750,000 to \$1,000,000 by distributing the Credit Approval Memorandum.

Mr. Pisons requested a change on the Credit Approval Memorandum on page 5 under Approved By to the following: On 1/20/2021, Mr. Pisons petitioned the Board of Directors individually by email to approve an increase in the loan commitment for Churches in One accord from \$750,000 to \$1 million. No objections were made and all of whom responded did so by individually signifying their approval by email reply.

Chairman Hopper called for a motion to approve the amended request and ratify the increase from \$750,000 to \$1,000,000. Motion was made by Mr. Joyce, seconded by Mr. Johnson and approved by The Board by roll call. Mr. Pisons called the roll. Voting Aye: Vice Chairman Amin, Ms. Ganeriwala, Mr. Holeman, Mr. Hopper, Mr. Johnson, Mr. Joyce, Ms. Marino, Ms. Mayton, Mr. Puri and Mr. Smith; Voting Nay: None; Abstained: Mr. Hoang

VI. Public Comment Period

Chairman Hopper called for comments from the attending public. Hearing none the comment period and the Public Hearing was closed at 1:07 p.m.

VII. Other Business

- A. Jennifer Mayton updated The Board on Rebuild VA: VSBFA is working to deploy the remainder of Rebuild VA grant money and is currently working through the last of the appeal cases. SBSB has been informed that there is a potential opportunity for new funding for this program this would allow us to continue to fund the remainder of applications we have already received. We are awaiting the finalization of the budget by The General Assembly
- B. Update on VSBFA returning to original programs and moving forward
- C. Update on SPIG, about halfway through approvals and plan to have half of the money to be dispersed by the end of this month
- D. Update on accounting for new statistics to be presented to The Board at future meetings

E. Introduced Angela Reese as new Executive Assistant

F. Reopening RLM position for new applications

VIII. The meeting was adjourned at 1:34 pm.