



MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

BOARD OF DIRECTORS MEETING

February 8, 2022, 12:00 P.M.

101 N. 14th Street, 11th Floor Board Room

Richmond, Virginia 23219

By Public Teleconference

(866) 845-1266, 65069804#

- I. Chairman Holeman called the meeting to order 12:05 p.m. and welcomed the Board and guests.
 - A. Board Directors present: Chairman Corey Holeman, Ms. Manju Ganeriwala, and Messrs. John Dane, Matthew James, Ronnie Johnson, and William Smith
 - B. Board Directors absent: Vice Chairman Linh Hoang, Ms. Susana Marino, and Messrs. Ronald Hobson, Michael Joyce, and Sanjay Puri
 - C. VSBA Staff present: Mses. Cheryl Bostick, Todd Boyle, Robin Foster, Bonnie Hite, Anna Mackley, Angela Reese, Linda Tackett and Karen White and Messrs. Donald Jacubec, Howard Pisons, and Terrence Rogers
- II. Others present: Mses. Lydia Gilmer (Managing Director, Pulaski County Innovation Center), Caroline Perrin (Associate, McGuireWoods LLP), and Kass Lawrence (Executive Director, Roslyn Conference Center) and Messrs. Don Ferguson (Senior Assistant Attorney General), Jay Mahone (Public Finance Manager, Virginia Treasury) Michael Soloman (Director, Economic Development Pulaski County), Thomas William Bruno (Partner, McGuireWoods LLP)
- III. Approval of Minutes

On a motion was made by Mr. Smith and seconded by Ms. Ganeriwala, the January 11, 2022 Board of Directors Meeting Minutes were unanimously approved. Voting aye: Ms. Ganeriwala, and Messrs. Dane, Holeman, James, Johnson, and Smith. Voting nay: None
- IV. 501c3 Bond Amendment

Roslyn Conference Center Project – Henrico County – Approval of second amendment to the bond purchase and loan agreement and resolution

Ms. Anna Mackley presented a bond amendment request, followed by a presentation from Mses. Caroline Perrin and Kass Lawrence, and Mr. Thomas William Bruno.

In 2010, the Authority approved the issuance of \$4,270,000 of tax-exempt bonds on behalf of Roslyn Managers Corporation, a Virginia nonstock 501(c)(3) corporation, and the Memorial Trustees under the Will of Annie Rose Walker, trustees under a trust exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 (collectively, the “Obligors.”) The proceeds of the 2010 bond issuance refunded previously issued tax-exempt bonds which had been issued to finance various renovations, improvements and additions to the conference and retreat facilities known as the Roslyn Conference Center, which is located in

Henrico, Virginia and which is affiliated with the Episcopal Diocese.

In February 2012, the Authority approved the First Amendment to the Bond Purchase and Loan Agreement under which certain provisions of the initial Agreement were amended.

The Obligors under the bonds and the Bondholder, Truist Bank, now desire to further amend the Bond Purchase and Loan Agreement in order to reflect changes in provisions related to optional put dates, mandatory tenders and other related changes. VSBFA is being asked to approve the Second Amendment to the Bond Purchase and Loan Agreement and a resolution authorizing those changes.

Chairman Holeman called for the motion to approve the second amendment to the bond purchase and loan agreement and resolution. Mr. Smith motioned for approval which was seconded by Ms. Ganeriwala and approved unanimously by the Board. Voting aye: Ms. Ganeriwala, and Messrs. Dane, Holeman, James, Johnson, and Smith. Voting nay: None

V. Economic Development Loan Request

EDA of Pulaski County, Virginia – Pulaski County - \$2,400,000

Ms. Linda Tackett presented a loan request for \$1,020,000, followed by a presentation from MS. Lydia Gilmer and Mr. Michael Soloman.

The EDA of Pulaski County Virginia is requesting financing in the amount of \$2,400,000. Proceeds of the loan will be used to refinance the existing commercial mortgage and other bank debt on The Pulaski County Innovation Center (“Center”), a 54,000 square foot “business incubator”, located at 6580 Valley Center Drive, Fairlawn, Virginia. The Center provides lease space in the form of business offices, office suites, and manufacturing bays. The Center is currently at 100% capacity with 36 business tenants. In addition to providing operating space to area businesses, the Center also serves as the County’s Emergency Disaster Command Center, where citizens in the area would shelter in the event of a catastrophic emergency.

The EDA solicited the VSBFA to utilize the Economic Development Loan Fund Program (EDLF) which provides low interest rate financing for economic development projects. The EDA is seeking VSBFA support to reduce interest rates on the Center’s existing debt, as well as securing \$500M of additional financing to install a new HVAC system (cost estimate of \$250M) and to upgrade the Center’s existing kitchen to a Commercial Grade Kitchen (cost estimate of \$250M).

Pursuant to presentations made by Ms. Gilmer and Mr. Soloman, a discussion ensued regarding: (i) the loan to one borrower, or borrowing relationship, limitation of 10% of Total Funds Allocated (“TFA”) for the subject program, and (ii) the reliance on moral obligations, in general, to mitigate risk in the event of payment default or loan deficiency, and which the County of Pulaski (the “County”) agreed to provide. VSBFA’s current credit relationship with the EDA of Pulaski and County by extension is approximately \$4.7MM or 22% of TFA. Approving the subject \$2.4MM transaction would increase credit exposure and TFA to \$7.1MM and 34%, with the EDA/County, respectively. The Executive Director (“ED”) commented that the subject project was a significant economic driver for the County which had turned the subject’s operations around (100% capacity); the loan to collateral value projected to be below 50%; the subject operation benefited with a lower cost of capital from the refinance; and the County had performed on its moral obligation for two other loans with the Authority. The ED recommended waiving the TFA policy exception and to approve the request as presented. After further discussion around holding to the 10% TFA policy

and the legal efficacy of moral obligations, Chairman Holeman called for the motion to approve the loan request as presented. Mr. Johnson motioned for approval as presented, however, the motion was not seconded and the loan request was not approved by the Board.

VI. Economic Development Loan Modification

VSBF A \$1,500,000 Loan Participation

Ms. Tackett presented a request to approve closing VSBFA's \$1.5MM (50%) loan participation interest in a \$3.0MM loan commitment led by Virginia Community Capital (VCC) for the IDAs of Danville and Pittsylvania County Virginia (Co-Borrowers). As part of this request, the IDAs will apply for a one year extension of the grant award at the Tobacco Region Revitalization Commission (TC) meeting in May, 2022. The current grant extension expired on January 9, 2022, therefore the IDAs have requested and we (VSBFA and VCC) close the loan prior to that event.

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

VII. Board Review and Ratification

Ms. Karen White presented one (1) Microloan Program approval, one (1) Microloan Program Declined by management for ratification.

Chairman Holeman called for the motion to approve the resolution. Mr. Johnson motioned for approval which was seconded by Mr. Dane and approved unanimously by the Board. Voting aye: Ms. Ganeriwala, and Messrs. Dane, Holeman, James, Johnson, and Smith. 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 1:27 p.m.

VIII. Other Business

A. *VSBF A Financial Reporting Second Quarter* - Mr. Pisons reviewed the VSBFA's financial reports and dashboard for the second fiscal quarter ended 12/31/2021.

B. *Executive Director Update*

a) *House Bill 476* – Mr. Pisons explained a bill currently going through legislation for retail small business grants;

b) *Rebuild! VA* – Mr. Pisons explained the APA audit results for Rebuild VA and the changes made moving forward; and

c) *SSBCI 2.0* – Mr. Pisons explained the directive changes to SSBCI 2.0

IX. Having no further business the meeting was adjourned at 2:24 pm.