

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

May 26, 2020, 12:00 P.M., by Public Teleconference
(866) 845-1266, 65069804#

- I. Vice Chairman Amin opened the meeting by welcoming the Board and guests, and asked Mr. Pisons to conduct a roll call for the telephonic meeting:
 - A. Board Directors present: Vice Chairman Neil Amin, Mr. Linh Hoang, Michael Joyce, Mr. Ronnie Johnson, The Honorable Manju Ganeriwala, Mr. Corey Holeman, Dr. Monique Johnson, Mr. Sanjay Puri, Ms. Tracey Wiley, Mr. William Smith
 - B. Board Directors absent: Chairman John Hopper
 - C. VSBFA Staff present: Mr. Howard Pisons, Ms. Anna Mackley, Ms. Linda Tackett, Ms. Karen White, Ms. Joni Marshall, Ms. Barbara Carter, Ms. Robin Foster, and Ms. Todd Boyle
 - D. Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Eric Ballou and Ms. Megan Gilliland (Kaufman & Canoles, P.C.), Mr. Dennis Ryan (Children’s Hospital of The King’s Daughters, Inc.), Mr. David Richardson and Ms. Anne Curtis Saunders (McGuireWoods LLP), Mr. Bruce Beardsley and Mr. Scott Sawicki, (National Senior Campuses), Mr. Alex Dinkels (Marathon Capital Strategies, LLC), Mr. Kevin White and Mr. Tre Harrison (Butler Snow LLP), Ms. Denise Nichols and Ms. Doretha Spells (Hampton University), Mr. Calvin Stamps (Brentwood Capital Partners), and Ms. Sarah Berday-Sacks (JLARC)
- II. Vice Chairman Amin 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

Vice Chairman Amin called for a motion to approve the minutes. Mr. Smith pointed out a correction needed to Item III (delete names of directors not in attendance at March meeting). On a motion by Mr. Smith, seconded by Mr. Hoang, the March 10, 2020 Board of Directors Meeting minutes were unanimously approved, as corrected. Voting aye: Vice Chairman Amin, Mr. Smith, Mr. Hoang, Mr. Holeman, Ms. Ganeriwala, Dr. Johnson, Mr. Joyce, Ms. Wiley, and Mr. Puri. Voting nay: None. Mr. Johnson (no response)
- IV. The Public Hearing declared open at 12:16 p.m. Mr. Pisons introduced instructions for giving responses and voting during the teleconference meeting.
 - A. 501 c 3 Tax-Exempt Bond Applications
 1. Children’s Hospital of The King’s Daughters, Inc. (CHKD) - Cities of Norfolk and Suffolk - \$100,000,000. Ms. Mackley presented the application for bonds to finance costs for two medical facilities in Norfolk and one in Suffolk. Ms. Mackley also provided

background on the hospitals locations and services and noted the loan indenture and trust agreements were sent to the Board to comply with the language of the resolution. Ms Mackley introduced Mr. Ballou who briefly noted the projects to be financed and mentioned the posting of the public hearing notices to comply with state and federal law. Mr. Ryan, CFO of CHKD, provided a brief overview of the hospital and described the projects being financed. The meeting was opened to the public but no members of the public made comments.

On a motion by Mr. Joyce, seconded by Mr. Johnson, the Board of Directors unanimously approved the resolution as presented. Mr. Pisons called the roll for the vote: Voting Aye: Vice Chairman Amin, Mr. Joyce, Mr. Johnson, Ms. Ganeriwala, Mr. Holeman, Mr. Puri, Dr. Johnson, Mr. Smith, Ms. Wiley, and Mr. Hoang; Voting Nay: None.

2. National Senior Campuses - City of Springfield and other - \$500,000,000. Ms. Mackley presented the bond request to refinance the acquisition, construction, renovation, and equipping of certain continuing care retirement community facilities of the NSC Obligated Group. Ms. Mackley noted that the required bond validation hearing occurred in January in Richmond courts. Mr. David Richardson, bond counsel, pointed out the need for two resolutions for this bond deal and that public hearing notices were published in other states where projects are located (Pennsylvania, New Jersey and Massachusetts).

Mr. Alex Dinkels discussed LIBOR + spread, tax implication and bank rate and term in response to questions by Ms. Ganeriwala and Mr. Joyce. Mr. Dinkels added that they were cautious and conservative and well inside the 7.0% max rate. Mr. Joyce asked if there was any material change in the financial status of the organization due to COVID-19; in 2019 occupancy for the obligated group was 96%. Mr. Beardsley stated 2020 occupancy was steady in the mid-90's across the portfolio; skilled nursing down but only 6% of the total; and experiencing some expense increase for COVID-19 safety of its inhabitants and workers. Vice Chairman Amin called for public comments but none were made.

On a motion by Ms. Ganeriwala, seconded by Mr. Joyce, the Board of Directors unanimously approved the inducement resolution as presented. Mr. Pisons called the roll for the vote: Voting Aye: Vice Chairman Amin, Ms. Ganeriwala, Mr. Joyce, Mr. Holeman, Mr. Hoang, Dr. Johnson, Ms. Wiley, Mr. Smith, Mr. Puri, and Mr. Johnson; Voting Nay: None.

On a motion Mr. Hoang, seconded by Mr. Holeman, the Board of Directors unanimously approved the final resolution as presented. Mr. Pisons called the roll for the vote: Voting Aye: Vice Chairman Amin, Mr. Hoang, Mr. Holeman, Mr. Puri, Ms. Ganeriwala, Dr. Johnson, Ms. Wiley, Mr. Smith, Mr. Johnson, and Mr. Joyce; Voting Nay: None.

The Public Hearing closed at 12:52 pm. No one from the public requested to speak.

B. Taxable Bond Applications

1. Hampton University: City of Hampton - \$120,000,000. Ms. Mackley presented the bond request to refund bonds issued by VSBFA in 2014 for VSBFA Series 2008 and 2009 used

to finance costs of acquiring, constructing and equipping the Hampton University Proton Therapy Institute and certain capital improvements on the University's main campus. Ms. Mackley also provided background information on the University. Mr. Kevin White and Mr. Tre Harrison, bond counsels, discussed the tax law that changed the bonds to taxable bonds from tax-exempt, the resolution to approve the transaction, bond documents and structure, and answered questions from the Board. Mr. Calvin Stamps, financial advisor with Brentwood Capital Partners, answered questions on the 2008 and 2014 variable rate deals, the bond maturity date and debt service. Ms. Spells responded to questions about the costs to run the Proton Therapy Institute.

On a motion by Mr. Holeman, seconded by Mr. Johnson, the Board of Directors unanimously approved the resolution as presented. Mr. Pisons called the roll for the vote: Voting Aye: Vice Chairman Amin, Mr. Holeman, Mr. Johnson, Mr. Hoang, Mr. Puri, Ms. Ganeriwala, Dr. Johnson, Mr. Smith, and Mr. Joyce; Voting Nay: None; Abstained: Ms. Wiley

V. Board Review and Ratification of Loans Declined by Staff

Mr. Pisons briefly reviewed the list of declined loan applications that were submitted for ratification. Mr. Pisons explained that the applicants impacted by COVID-19 could not stand up to the credit guidelines under our (non-emergency) loan programs. Assistance was provided to pursue one or both of the SBA's state-of-emergency stimulus programs. PPP in particular which is 100% forgiven if certain program conditions are met. Mr. Holeman said he would be concerned if the Authority declined loan requests for indicating that the business was impacted by COVID-19 on the application, which may or may not be sufficient enough reasoning to decline a loan. Ms. Mackley gave additional explanation for the subject loan decisions, and our loan program underwriting and guidelines. Ms. Wiley also commented on the emergency recovery grant fund that the Authority will soon offer to assist small businesses.

On a motion by Mr. Hoang, seconded by Mr. Smith, the Board of Directors ratified the loan decisions made by staff. Mr. Pisons called the roll for the vote: Voting Aye: Vice Chairman Amin, Mr. Hoang, Mr. Smith, Mr. Joyce, Mr. Johnson, Dr. Johnson, Ms. Ganeriwala, and Mr. Puri; Voting Nay: None; Abstained: Mr. Holeman

VI. Other Business

Mr. Pisons provided the following updates to the Board:

- A. Although outreach and activity is slower, we are accepting reviewing applications for approval under all the VSBFA programs
- B. Seventy-five of our direct loan portfolio accepted our offer to defer principal and interest payments for 6 months and extend the loan maturity 6 months; we are also working with banks participating in our credit enhancement programs offering payment deferrals to their borrowers
- C. Responding to calls from small businesses seeking SBA funding, explaining eligibility and application criteria, and directing to other helpful resources, i.e. Small Development Business Centers
- D. Involved on two task forces with the Secretary of Commerce and Trade looking at

helping business recover from COVID-19

- E. A significant amount of time and resources are being allocated to build and operate the Salesforce application portal and case management system for the proposed COVID-19 Recovery Grant Fund that will be administered by the VSBFA.
- F. HB1505 sunset the Small Business Jobs Grant Program and transferred approximately \$700,000 of funds from that program to the Small Business Investment Grant Program (SBIG). HB1505G immediately released the funds transferred to SBIG to the VSBFA to launch an emergency, \$5,000 per small business, grant stimulus program.
- G. Funding from the CARES Act could come to the VSBFA; application has been made for a \$70 million allocation from the Administration to stand up a \$10,000 per small business recovery grant fund. The VSBFA is seeking to partner with VCC to add the capacity to administer the program.
- H. The U.S. Department of Commerce Economic Development Administration invited the VSBFA to apply for a non-competitive, single-supplemental financial assistance award of up to \$10 million to institute a COVID-19 revolving loan recovery fund; application is due by June 7, 2020.

VII. The meeting was adjourned at 2:00 pm.