

# MINUTES

## VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

February 14, 2017 - 12:00 P.M.

Monroe Building, 101 N. 14th Street, 11th Floor Board Room  
Richmond, Virginia

- I. Board Directors present: Chairman Gail Letts, Vice Chairman Neil Amin, Mr. Linh Hoang, Mr. Bradley Jiulianti, Mr. John Hopper, Mr. Bill Smith, and Dr. Monique Johnson, Ph.D.

Board members absent: Mr. Nicholas Jordan, Ms. Manju Ganeriwala, Mr. Andy Lock, and Ms. Tracey Wiley

Others present: Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Scott Parsons, Ms. Anna Mackley, Ms. Mary Jo Sisson-Vaughan, Ms. Nathalia Artus, Ms. Jennifer Mayton (SBSD), Ms. Annette Sherrill (SBSD), Ms. Reba O'Connor (SBSD), Mr. Robert Summers (SBSD), Mr. David Richardson (McGuire Woods), Mr. Phil Letendre (Wisconsin PFA), Dr. Leo Kim (PatientsLead, LLC), Mr. Brendan Staley (Hunton & Williams), Mr. Drew Kintzinger (Hunton & Williams), Mr. Christian Deschauer (Transurban), Mr. Michael Discenza (Transurban), Mr. Thomas Sherman (Virginia Department of Transportation), and one member of the general public, Mr. Jason Domino.

Chairman Letts called the meeting to order.

- II. Approval of Minutes - On a motion by Mr. Hopper, seconded by Mr. Amin, the minutes of the December 13, 2016 Board of Directors Meeting were unanimously approved. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Jiulianti, Mr. Hopper, and Mr. Smith. Voting no: None. (Dr. Johnson was not present for this vote.)

PUBLIC HEARING: Mr. Parsons stated that a public hearing was required for the next two items and the Board declared the public hearing to be open at 12:07pm.

III. Industrial Development Bond Program Applications

- A. Foundation for Affordable Housing, Inc., Essex Village Apartments Project - Richmond City - \$125,000,000 request. Public Hearing for Inducement Only  
Mr. Parsons introduced this request to the Board. The Board is being asked to approve an inducement for a tax-exempt issuance through the Wisconsin Public Finance Authority ("PFA"). Mr. Parsons explained to the Board that the Wisconsin PFA was planning to issue tax-exempt bonds to finance the Essex Village Apartments project for the Foundation for Affordable Housing, Inc., a 501 c 3 non-profit. Mr. Parsons explained that the Wisconsin PFA was a nation-wide issuer of tax-exempt bonds. Much like the VSBFA's statutory ability to issue bonds in multi-jurisdictional projects across the Commonwealth, the Wisconsin PFA has the statutory ability to make issuance on multi-jurisdictional

projects across state lines. Mr. Parsons then introduced Mr. David Richardson of McGuire Woods who explained the resolution and stated that the Wisconsin PFA was becoming more active in Virginia and that the VSBFA would see more requests for public hearings of this type in the future. After Mr. Richardson and Mr. Letendre (Wisconsin PFA) explained the project, explained how the Wisconsin PFA worked, and responded to questions from the Board, Mr. Parsons informed the Board that the VSBFA's counsel, Mr. Ferguson had reviewed the draft resolution and had approved it. Mr. Parsons also explained to the Board that since the VSBFA would not be the issuer of the bonds, the VSBFA would be receiving no fee. On a motion by Mr. Julianti, seconded by Mr. Hoang, the request was approved as presented. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Julianti, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None.

- B. 95 Express Lanes, LLC (I-395 Express Lanes Northern Extension) - Arlington County, Fairfax County, & Alexandria City - \$300,000,000 request. Ms. Artus explained this project to the Board and introduced a variety of guests from TransUrban, VDOT, and Hunton & Williams who responded to a number of questions from the Board. This request, considered under § 2.2-2279 & § 15.2-5000, the VSBFA's statutory ability to issue bonds for a qualified transportation facility under the Public-Private Transportation Act of 1995, would assist 95 Express, LLC and its owner, TransUrban Group, in financing a project which would create new HOV3+/HOT lanes along 29 miles of roadway in Northern Virginia. Ms. Artus also explained that Mr. Ferguson had reviewed the draft resolution and had approved it. On a motion by Mr. Hopper, seconded by Mr. Smith, the request was approved as presented. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Julianti, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None.

Mr. Parsons informed the Board that no member of the public had requested the opportunity to speak at the public hearing for either of these requests. Mr. Parsons then requested that the Board close the public hearing period. On a motion by Chairman Letts, seconded by Vice Chairman Amin, the public hearing was closed at 12:38pm. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Julianti, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None.

#### IV. Economic Development Loan Fund Application

- A. Watkins Nurseries, Inc. & Watkins-Amelia, LLC - Amelia County - \$750,000. Ms. Sisson-Vaughan introduced this request to the Board and asked that this request as well as the following Loan Guaranty request for Virginia Resources Recycled, LLC be considered in tandem since both requests involved related entities. Ms. Sisson-Vaughan explained to the Board that this request was for the lesser of \$750,000 or 40% of the total project to assist the bank in restructuring debt to assist the company in its continued operation and growth. Ms. Sisson-Vaughan gave a thorough explanation of the two projects and the Board engaged in much informed conversation regarding the strengths and weaknesses of these credit requests and had many questions for the Staff. On a motion by Vice Chairman Amin, seconded by Mr. Hopper, the request was approved with the following conditions in addition to those recommended by Staff: CPA-reviewed

statements at FYE from Watkins Nurseries, Inc. & VRR; CPA-prepared quarterly statements to include balance sheet, income statement, accounts receivable and accounts payable agings. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Jiulianti, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None. Mr. Hoang abstained.

V. Loan Guaranty Program Applications

- A. Virginias Resources Recycled, LLC - Chesterfield County - \$750,000 request. Ms. Sisson-Vaughan explained this request for a 40% loan guaranty, capped at \$750,000, of a \$5,000,000 bank loan in conjunction with the Watkins Nurseries, Inc. & Watkins-Amelia, LLC request. As explained, the purpose of this request is to assist the bank in providing a refinance of equipment debt owed by VRR to other banks and equipment vendors. This loan would assist the company by improving its cash flow due to reduced monthly payments. On a motion by Vice Chairman Amin, seconded by Mr. Smith, the request was approved with the following conditions in addition to those recommended by Staff: CPA-reviewed statements at FYE from Watkins Nurseries, Inc. & VRR; CPA-prepared quarterly statements to include balance sheet, income statement, accounts receivable and accounts payable agings; and a pledge of \$500,000 in liquid assets from Mr. John Watkins. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Jiulianti, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None. Mr. Hoang abstained.
- B. Machine Aquatics, LLC - Fairfax County - \$750,000 request. Ms. Artus introduced this request to the Board and explained that it was a request for a 75% loan guaranty, up to a cap of \$750,000, for the purpose of assisting a bank in making a loan to this swim school and athlete performance center in Vienna, VA. The purpose of the bank's loan is to finance construction of leasehold improvements and furnishings for an expansion as well as to provide a small working capital line of credit for the company. Ms. Artus took the Board through the financial condition of the company and recommended approval of the request as well as an exception to VSBFA credit guidelines that restricts the use of the LGP program to a cap of \$750,000 per borrower. Since this borrower already has a LGP covering another loan on another facility, approval of this exception is required. On a motion by Mr. Hoang, seconded by Mr. Hopper, the requests for approval of the credit request and the exception were approved as presented. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None. (Mr. Jiulianti was not present for the vote.)

- VI. Board Review and Ratification of Loans Approved/Declined by Staff - Mr. Parsons presented the loans and credit enhancements approved and declined by Staff under its designated authority. On a motion by Mr. Hopper, seconded by Vice Chairman Amin, the staff decisions were ratified. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None. (Mr. Jiulianti was not present for the vote.)

- VII. Comments by Guest, Dr. Kim - Mr. Hoang requested that he be allowed to introduce his guest, Dr. Leo Kim. The Chairman welcomed Dr. Kim. Dr. Kim briefly addressed the Board regarding his work and the need for more financial assistance for start up's in the biotechnology industry in the Commonwealth. He thanked the Board for its work in assisting start up's and existing small businesses, expressed interest in learning more about the VSBFA's programs, and thanked the Chair and Mr. Hoang for the opportunity to speak to the Board today.
- VIII. Introduction of Mr. Domino - Mr. Domino, a member of the general public who came to this meeting as a visitor, introduced himself to the Board and said that he was simply interested in learning more about the programs of the VSBFA and decided to attend today's meeting. Chairman Letts welcomed him and thanked him for his interest.
- IX. Adjourn – There being no other business before the Board, Mr. Hoang made a motion to adjourn the meeting. The motion was seconded by Vice Chairman Amin. Voting aye: Chairman Letts, Vice Chairman Amin, Mr. Hoang, Mr. Hopper, Dr. Johnson, and Mr. Smith. Voting no: None. (Mr. Jiulianti was not present for the vote.)