

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

July 11, 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. John Hopper, Mr. Brad Jiulianti, Ms. Tracey Wiley, Dr. Monique Johnson, Ph.D., Ms. Janet Aylor (on behalf of the Honorable Manju Ganeriwala), and Mr. Corey Holeman

Board members absent: Mr. Linh Hoang, Ms. Manju Ganeriwala, and Mr. William Smith

VSBF Staff: Mr. Scott Parsons, Ms. Barbara Carter, Ms. Nathalia Artus, Ms. Anna Mackley, Ms. Mary Jo Sisson-Vaughan, and Ms. Robin Foster

Others present: Mr. Douglas Lamb and Mr. T. W. Bruno (McGuire Woods, LLP), Mr. Don Ferguson (Senior Assistant Attorney General), Ms. Reba O'Connor

Chairman Letts called the meeting to order. She welcomed and introduced new board director, Mr. Corey Holeman and congratulated Vice Chairman Amin on his reappointment.

- II. Approval of Minutes - On a motion by Mr. Jiulianti, seconded by Vice Chairman Amin, the June 13, 2017 Board of Directors Meeting minutes were unanimously approved. Voting aye: Chairman Letts, Mr. Jiulianti, Vice Chairman Amin, Ms. Wiley, Mr. Holeman, and Ms. Aylor. Voting no: None. (Dr. Johnson was not present for the vote.)

III. 501 c 3 Tax-Exempt Bond Request

- A. Wellmont Health System - Norton City, Wise County - \$55,000,000. Ms. Sisson-Vaughan presented the application to the Board. Mr. T. W. Bruno, bond counsel, explained the need for refunding the bonds, reviewed the resolution, answered the Board's questions, and provided information on the history of Wellmont Health System. On a motion by Mr. Jiulianti, seconded by Vice Chairman Amin, the Board of Directors unanimously approved a resolution authorizing the issuance of tax-exempt bonds to refund the outstanding Series 2007A bonds issued by VSBFA. Voting aye: Chairman Letts, Mr. Jiulianti, Vice Chairman Amin, Ms. Wiley, Mr. Holeman, Ms. Aylor, and Dr. Johnson. Voting no: None.

IV. Industrial Development Bonds - Taxable Bond (Qualified Energy Conservation Bonds) Application

- A. Virginia SAVES Green Community Program, Inc. - Richmond City - \$1,893,750. Ms. Sisson-Vaughan brought the request to increase the amount of the bond issue approved in the June 2017 Board meeting. Bond counsel, Mr. Doug Lamb, commented on the reasons for this amendment. On a motion by Vice Chairman Amin, seconded by Ms. Aylor, the Board unanimously approved the amending resolution increasing the par amount of

Virginia SAVES taxable bonds for the Rural Education Foundation (Fuqua School) from \$1,850,000 to \$1,893,750. Voting aye: Chairman Letts, Vice Chairman Amin, Ms. Aylor, Mr. Holeman, Dr. Johnson, and Mr. Jiulianti. Voting no: None. (Ms. Wiley was not present for the vote.)

- V. Board Review and Ratification of Loans Approved/Declined by Staff - On a motion by Mr. Jiulianti, seconded by Vice Chairman Amin, the Board of Directors ratified the loan decisions made by staff for May and June 2017. Voting aye: Chairman Letts, Mr. Jiulianti, Vice Chairman Amin, Ms. Aylor, Mr. Holeman, Dr. Johnson, and Ms. Wiley. Voting no: None.
- VI. Board Review and Ratification of SSBCI Capital Access Program (CAP) Claim - Mr. Parsons briefly explained the CAP program and how a claim is paid under the program. On a motion by Vice Chairman Amin, seconded by Dr. Johnson, the Board of Directors unanimously approved the ratification of a claim payment under the SSBCI Capital Access Program for the benefit of CornerStone Bank NA. Voting Aye: Chairman Letts, Vice Chairman Amin, Dr. Johnson, Ms. Aylor, Mr. Holeman, Ms. Wiley, and Mr. Jiulianti. Voting no: None.
- VII. Request for Taxable Bond Issuance - Mr. Parsons informed the Board about a request at next month's meeting for a taxable bond issuance application for a hotel in Virginia Beach. He presented information on the SEC rules that state an underwriter that is also deemed to be acting as a municipal advisor would violate rules regarding the fiduciary duties to the client and generally should be avoided if possible. However, in this case, the underwriter for the borrower, which is a company called Stifel, would like to be considered the underwriter without being deemed to be a municipal advisor. Stifel has asked the Financing Authority, as a potential issuer of the bonds, to acknowledge that they would not be considered as municipal advisor in this transaction and for the Authority to confirm that they can be underwriter in the transaction. Mr. Parsons stated that he is asking the Board for permission to sign a letter that acknowledges Oceanfront Investments, LLC engagement of Stifel as underwriter in the upcoming bond transaction after the letter has been reviewed by Mr. Ferguson. Mr. T. W. Bruno provided background on the municipal advisor rule created from the Dodd Frank legislation and confirmed the purpose of the letter (see attached). A motion was made by Vice Chairman Amin and seconded by Ms. Aylor to allow Scott Parsons to sign the Stifel letter with the concurrence of the Senior Assistant Attorney General, Mr. Ferguson. Voting Aye: Chairman Letts, Vice Chairman Amin, Ms. Aylor, Dr. Johnson, Mr. Holeman, Ms. Wiley, and Mr. Jiulianti. Voting no: None.
- VIII. Update on the Small Business Investment Grant (SBIG) Fund Program - Mr. Parsons updated the Board about the SBIG program which Ms. Wiley assigned the Financing Authority to administer and manage two years ago. This grant program was designed by the GA to encourage investment in Virginia's small businesses. It provides a cash payment to qualifying individuals investing in qualifying Virginia small businesses. The program is a priority of the Agency and the VSBFA. Mr. Parsons reported that in fiscal year '16 the Authority issued over \$100,000 in grant funds. In FY '17, which closed June 30, the Financing Authority deployed \$890,000 of the \$950,000 appropriation. The FY '18 allocation, which became available July 1, 2017, was 100% allocated within a week and the program is now closed for the remainder of the fiscal year ending July 30, 2018. Mr. Parsons commended Ms. Artus and Ms. Sisson-Vaughan for their efforts to promote the FY '18 program and noted the legislative changes that made the program more attractive to investors.

- IX. Federal Reserve Small Business Survey - Ms. Artus introduced Dr. Shannon McKay of the Federal Reserve Bank who presented the results from the 2016 Small Business Credit Survey in which VSBFA was a participant. The survey compared VSBFA, Virginia, and U.S. respondents on topics such as employment, borrowing activity, and financing needs.
- X. The meeting was adjourned.