



Virginia Small Business
Financing Authority

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

BOARD OF DIRECTORS MEETING

May 10, 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, Vice Chairman Linh Hoang, and Messrs. John Dane, Ronald Hobson, Matthew James, Ronnie Johnson, Michael Joyce, Jay Mahone (designee), and William Smith
 - b) Board Directors absent: Ms. Susana Marino, and Mr. Sanjay Puri
 - c) VS BFA Staff present: Mses. Cheryl Bostick, Todd Boyle, Robin Foster, Angela Reese, Linda Tackett and Karen White; and Messrs. Donald Jacubec, Howard Pisons, and Terrence Rogers

- II. Others present: Mses. Anne Curtis Saunders (Associate, McGuireWoods), Kattie Saunders (Project Manager, Pittsylvania County), Kim Van Der Hyde (Director of Finance, Pittsylvania County), and Linda Green (Director, Southern Virginia Regional Alliance); and Messrs. Eric Herbert (President, TFR@Chesapeake), Douglas Lamb (Partner, McGuireWoods), Mike Graff (Partner, McGuireWoods), Matthew Rowe (Director of Economic Development, Pittsylvania County), Mark Holmstedt (Managing Director, Piper Sandler & Co.), Robert Boerrigter (President/Co-Owner, “Doswell”) and Don Ferguson (Senior Assistant Attorney General),

- III. Approval of Minutes

Pursuant to suggestions on changes that needed to be made on last meetings minutes a motion was made by Mr. Dane and seconded by Mr. Johnson, the April 12, 2022 Board of Directors Meeting Minutes were unanimously approved. Voting aye: Messrs. Dane, Hoang, Hobson, Holeman, James, Johnson, Joyce, Mahone, and Smith. Voting nay: None

The Public Hearing was declared open at 12:07 p.m.

- IV. Tax-Exempt Bond Project
 - a) *Valley Health/Warren Memorial Hospital – notice –moved to June board meeting*

Mr. Mike Graff announced that Valley Health/Warren Memorial Hospital Tax-Exempt bond project would be presented at the next board meeting.
 - b) *Total Fiber Recovery @ Chesapeake, LLC – Chesapeake VA – Final Resolution for \$65,000,000 tax-exempt bond to construct and acquire a recycled pulp facility*

Ms. Anna Mackley presented the bond for approval of final resolution, followed by a presentation from Ms. Sanders and Messrs. Herbert, and Lamb.

Total Fiber Recovery @Chesapeake, LLC d/b/a Total Fiber Recovery Chesapeake, is requesting an inducement resolution for a \$65,000,000 tax-exempt bond to (i) finance and refinance the cost to develop, acquire, equip, improve and construct a recycling plant to pulp post-consumer mixed waste paper and old corrugated card board into clean recycled pulp for use in the manufacture of recycled paper products; and (ii) finance certain costs of issuance of the bonds.

The facility will be located on approximately two acres at 1447 Precon Drive, Chesapeake, VA, and operate 24 hours a day, 360 days a year, resulting in the creation of 35 full-time jobs.

Pursuant to presentations made by Ms. Sanders and Messrs. Herbert, Holmstedt and Lamb, Chairman Holeman called questions from the Board. Hearing none, Mr. Holeman called for the motion to approve the public hearing. Mr. Hobson motioned for approval which was seconded by Mr. Hoang and approved unanimously by the Board. Voting aye: Messrs. Dane, Hoang, Hobson, Holeman, James, Johnson, Joyce, Mahone, and Smith. Voting nay: None

V. Economic Development Loan Fund (EDLF) Projects

- a) *Request to approve a \$3,500,000 EDLF loan for the Industrial Development Authority of Pittsylvania County, VA (“IDA”) to purchase new plant equipment.*

Ms. Tackett presented the loan request followed by presentations from Mr. Rowe, Director of the IDA, and Mr. Boerrigter, President and Co-owner, Axxor, N.A., LLC.

The proposed loan will assist the IDA in retaining Axxor, a key Pittsylvania County employer, by securing financing to expand production capacity. The request also leverages the EDLF program’s benefits of a low fixed rate of interest, no origination fee and extended payment terms.

The loan shall not exceed the lower of \$3,500,000 or 90% of the cost to purchase and install a new paper honeycomb production line to expand capacity for the rapid growth that Axxor is experiencing. The IDA shall enter a 10 year lease/bargain purchase option agreement with Axxor. The new production line is Axxor’s second at its plant in Ringgold Industrial Park, Pittsylvania Co. This action also retains 50 jobs and creates 21 new jobs for the county.

Pursuant to presentations made by Ms. Tackett and Messrs. Rowe, and Boerrigter, Chairman Holeman called for the motion to approve the request, Mr. Dane motioned for approval which was seconded by Mr. Johnson and approved unanimously by the Board. Voting aye: Messrs. Dane, Hoang, Hobson, Holeman, James, Johnson, Joyce, Mahone, and Smith. Voting nay: None

- b) *Request to modify the terms of VSBFA's \$1,500,000 loan participation interest in the \$3,000,000 loan, led by VCC Bank, to Co-Borrowers: the Industrial Development Authority of Pittsylvania County and the Industrial Development Authority of the City of Danville, for the Cyber Park Shell Building Project.*

Ms. Linda Tackett presented the request to modify the \$3,000,000 joint and several moral obligations from the counties of Danville and Pittsylvania to a 50% or \$1,500,000 limited moral obligation for each county. The moral obligations were provided by the counties to support the \$3,000,000 VCC loan to the Co-Borrowers. The request for the modification from the counties arose during the documentation process. VCC management favors the request and will seek approval from their board next week. Accordingly VCC is requesting approval from VSBFA today.

VSBFA's loan participation was approved by the board on 10/12/2021. Proceeds of the loan will be used to finance the construction of a new 30,000 square foot industrial shell building, located on 10.17 acres in Danville's Cyber Park, known as Lot 10B.

Pursuant to the presentations made and questions from the Board answered, Chairman Holeman called for a motion to approve the modification, Mr. Hobson motioned for approval which was seconded by Mr. Hoang and was approved by the board voting aye: Messrs. Hoang, Hobson, Holeman, James, Johnson, Joyce, Mahone, and Smith. Voting nay: None. Abstaining: Mr. Dane

VI. Board Review and Ratification

Ms. Karen White presented a \$25,000 Microloan approved by management for ratification.

Chairman Holeman called for the motion to ratify management's loan approval. Mr. Joyce motioned for ratification which was seconded by Mr. Hobson and ratified unanimously by the Board. Voting aye: Messrs. Hoang, Hobson, Holeman, James, Johnson, Joyce, Mahone, and Smith. Voting nay: None. Abstaining: Mr. Dane

Public Comment Period

Chairman Holeman called for comments from the attending public. Hearing none the comment period and the Public Hearing was closed at 12:13 p.m.

VII. Other Business

- a) *\$230 million SSBCI 2.0 and \$4 million Technical Assistant Program updates* – Ms. Bostick, provided a high level discussion of the changes to SSBCI 2.0 guidelines and criteria; VIPC as a Sub-Administrator for the venture capital component of the program; and the Technical Assistance application that the VSBFA will submit to the US Treasury and what it involves.
- b) *VSBFA Q3 Financial Report* – Mr. Pisons presented the Dashboard for the third fiscal quarter ended 3/31/2022 providing insight into Fund Utilization for each program, jobs created and retained, and bond fee revenue. Mr. Pisons also reviewed for the board the YTD financial

statements for the fiscal quarter ended 3/31/2022, on its own and in comparison with the budget and the same fiscal period last year.

- c) *Rebuild! VA Grant Program* – Mr. Pisons updated the board on Rebuild! VA: the number of grants and amount awarded year to date; average grant amount; number of applications remaining in the pipeline for processing; and the resources (dollars and staff) it would take to clear the pipeline. He also reported that he was awaiting the outcome of the 2022 special budget session in which a House bill for \$100 million and a Senate bill for \$160 million were brought forward to continue funding the program.

VIII. Having no further business the meeting was adjourned at 2:14 pm.