

RESOLUTION NO. 13-19

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING THE TRANSFER AND USE OF CERTAIN FUNDS TO THE CALIFORNIA SMALL BUSINESS EXPANSION FUND AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Infrastructure and Economic Development Bank (the “I-Bank”) is established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.) (the “I-Bank Act”), for the purpose of providing financial assistance to eligible entities in the State of California (the “State”) through a variety of financing mechanisms, which include, among other things, guarantees for loans made to small businesses in the State;

WHEREAS, in connection with the Governor’s Reorganization Plan No. 2 (“GRP 2”), the State agency formerly known and the California Business, Transportation and Housing Agency (“BT&H”) was dissolved and its various departments, entities and programs were dissolved, reconstituted or moved to other State agencies;

WHEREAS, pursuant to GRP 2, the I-Bank and the State’s Small Business Loan Guarantee Program (the “State Program”) were moved from BT&H to the Governor’s Office of Business and Economic Development (“GO-Biz”);

WHEREAS, recently enacted legislation, referred to as the Small Business Financial Assistance Act of 2013, (“Small Business Act”) (i) established the California Small Business Finance Center (the “Center”) within the I-Bank, (ii) moved the State Program from GO-Biz to the Center in the I-Bank; and (iii) added provisions of the Small Business Act to the I-Bank Act;

WHEREAS, prior to the implementation of GRP 2, the State, acting through the State Program and through the California Capital Access Program operated by the State Treasurer’s Office (“CalCAP”), applied for and was awarded a federal grant from the U.S. Treasury under the State Small Business Credit Initiative (the “Federal Grant”) to provide funds to support small business loan programs to be administered by the State Program and CalCAP;

WHEREAS, upon the award of the Federal Grant, a federally-funded small business loan guarantee program was created and administered by the State Program, then operating under BT&H (the “SSBCI Program”), to utilize a portion of the Federal Grant funds, with the remainder to be utilized by CalCAP;

WHEREAS, during the transition of the State Program pursuant to GRP 2, a shortfall of approximately \$204,000 occurred in the funds available, under the Expansion Fund (as defined below), to pay administrative costs for the SSBCI Program (the “Total Shortfall”) and such Total Shortfall was not discovered until the State Program was moved to the Center operating under the I-Bank;

WHEREAS, interest earned on idle funds on deposit in the Expansion Fund, has been identified as a source of funds for covering all but approximately \$30,000 of the Total Shortfall (the “Net Shortfall”);

WHEREAS, the I-Bank Act established the California Infrastructure and Economic Development Fund for the support of the activities of the I-Bank (the “I-Bank Fund”);

WHEREAS, the Small Business Act portion of the I-Bank Act established the California Small Business Expansion Fund for the support of the activities of the Center within the I-Bank (the “Expansion Fund”);

WHEREAS, the I-Bank Act provides that funds in each of the I-Bank Fund and the Expansion Fund are continuously appropriated and thus continuously available for expenditure by the I-Bank for the purposes stated in the I-Bank Act;

WHEREAS, the Board of Directors of the I-Bank (the “Board”) has determined that an expenditure in support of the activities of the Center constitutes an expenditure in support of the activities of the I-Bank;

WHEREAS, the I-Bank Act, among other things, charges the Executive Director of the I-Bank (the “Executive Director”) with managing and conducting the business and affairs of the I-Bank and the I-Bank Fund and that such Executive Director authority is subject to any direction that the Board elects to provide to the Executive Director;

WHEREAS, the I-Bank Act, in addition to the statutory authority granted directly to the Executive Director, also authorizes the Board to delegate any of its powers and responsibilities to the Executive Director and the Board has, from time to time, elected to provide certain delegations to the Executive Director;

WHEREAS, the Executive Director is working with GO-Biz and other State entities to identify a source of funds for covering the Net Shortfall; and

WHEREAS, the Executive Director is requesting that the Board approve the use of the interest earnings from the Expansion Fund and funds on deposit in the I-Bank Fund, or in other State funds that are legally available to the I-Bank, to cover the Total Shortfall.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

Section 1. The Board hereby finds that the above recitals are true and correct.

Section 2. The Board hereby approves the use of interest earned on idle funds in the Expansion Fund, in an amount not to exceed \$174,500, to provide a portion of the

funds needed to cover the Total Shortfall and directs the Executive Director to take all actions necessary or desirable to effect such use of funds.

Section 3. The Board hereby approves the transfer and use of funds, in an amount not to exceed \$30,000, from the I-Bank Fund or from funds on deposit in any other State fund that are legally available to the I-Bank, to the Expansion Fund, for the purpose of covering the Net Shortfall, and directs the Executive Director to take all actions necessary or desirable to effect such transfer and use and to implement the purposes of this resolution.

Section 4. The Board further directs the Executive Director to notify the Board of the source of funds ultimately used to cover the Total Shortfall and of any reimbursement to the I-Bank for any I-Bank funds expended to cover the Net Shortfall.

Section 5. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on November 19, 2013, by the following vote:

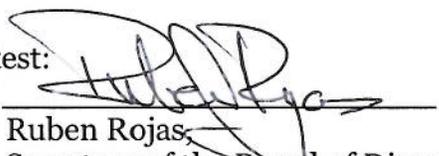
AYES: ORTEGA, PAPARIAN, ROSSI, ANNIS, LUCHETTI

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By 
Teveia R. Barnes, Executive Director

Attest:
By 
Ruben Rojas,
Secretary of the Board of Directors