RESOLUTION NO. 14-19

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK RELATING TO EXECUTIVE DIRECTOR ACTIONS WITH RESPECT TO THE SAN FERNANDO VALLEY FINANCIAL DEVELOPMENT CORPORATION

WHEREAS, the California Infrastructure and Economic Development Bank (the "IBank") is established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.) (the "IBank 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 as 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 IBank and the State's Small Business Loan Guarantee Program (the "SBLGP") were moved from BT&H to the Governor's Office of Business and Economic Development ("GO-Biz");

WHEREAS, legislation enacted subsequent to the implementation of GRP 2, and referred to as the Small Business Financial Assistance Act of 2013, (the "Small Business Act") (i) established the California Small Business Finance Center (the "Center") within the IBank, (ii) transferred administration and State oversight of the SBLGP from GO-Biz to the Center within the IBank; and (iii) added certain provisions of the Small Business Act to the IBank Act;

WHEREAS, under the Small Business Act, the SBLGP is administered, on behalf of the State, by eligible Financial Development Corporations ("FDCs") selected pursuant to the provisions of the Small Business Act;

WHEREAS, the FDCs provide such program management services by interacting directly with the lenders who seek State guarantees, under the SBLGP, for loans that such lenders make to qualifying small businesses;

WHEREAS, under the Small Business Act, State oversight of FDC activities, including the obligation of State monies, for validly issued guarantees, is carried out by the SBLGP's Program Manager (the "Program Manager"), under the guidance of the Executive Director of the IBank (the "Executive Director");

WHEREAS, the State compensates the FDCs, for their program management services, through service payments made under annual contracts ("Annual FDC Contracts"), between the IBank and each FDC;

WHEREAS, the Small Business Act governs the relationship between the IBank and the FDCs and specifies the circumstances under which Annual FDC Contracts, as well as an FDC's statutory authority to serve as an FDC for and to issue loan guarantees under the SBLGP ("Guarantee Authority"), may be terminated;

WHEREAS, through letters dated August 1, 2014 and August 7, 2014, respectively, Ms. Teveia Barnes, in her capacity as Program Manager and Executive Director, formally notified the San Fernando Valley Financial Development Corporation ("SFV") of her decisions to not renew SFV's Annual FDC Contract (the "Non-Renewal Decision") and to terminate SFV's Guarantee Authority (the "Termination Decision" and, collectively, the "Disputed Decisions"), copies of which are attached hereto as Exhibit A and Exhibit B, respectively;

WHEREAS, under the Small Business Act, an FDC may appeal certain decisions of the Executive Director to the IBank Board of Directors (the "Board") and an FDC may request such appeal by submitting written materials to the Board, whose determination is deemed final;

WHEREAS, SFV has submitted such an appeal, requesting Board review of the Disputed Decisions, a copy of which is attached hereto as Exhibit C; and

WHEREAS, pursuant to its authority, under the provisions of the Small Business Act, the Board now wishes to consider the Disputed Decisions.

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. Except as may otherwise be indicated in section (3) below, all actions heretofore taken by the officers and employees of the IBank, including those of the Program Manager and the Executive Director, with respect to the subject matter of this resolution (this "Resolution") are hereby approved, confirmed and ratified.

Section 3. The Board hereby affirms the Disputed Decisions.

Section 4. 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 January 7, 2015, by the following vote:

AYES: ROSSI, LUCHETTI, ANNIS, ORTEGA, GORDON

NOES:

ABSENT:

ABSTAIN:

By _____
Teveia R. Barnes
Executive Director

Attest:
By _____
Diane Cummings,
Chief Credit Officer