

AMENDED IN ASSEMBLY JULY 2, 2014  
AMENDED IN ASSEMBLY MAY 19, 2014  
AMENDED IN SENATE JANUARY 22, 2014  
AMENDED IN SENATE JANUARY 6, 2014  
AMENDED IN SENATE APRIL 30, 2013  
AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 511**

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**Introduced by Senator Lieu**

February 21, 2013

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An act to *amend Sections 63088.5 and 63089.5 of, to add Chapter 2.6 (commencing with Section 13996.85) to Part 4.7 of Division 3 of Title 2 of, to add Article 8.5 (commencing with Section 63089.85) to Chapter 6 of Division 1 of Title 6.7 of, and to add Chapter 7 (commencing with Section 63090) to Division 1 of Title 6.7 of, the Government Code, relating to state government, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 511, as amended, Lieu. Trade promotion of California ports: California Export Finance Office.

(1) Existing law requires the Director of the Governor's Office of Business and Economic Development, known as GO-Biz, to provide to the Legislature, not later than February 1, 2014, a strategy for international trade and investment that, at a minimum, includes specified information, goals, objectives, and actions related to the promotion of trade.

The bill would require the director to convene, no later than February 1, 2015, a statewide business partnership for the promotion of trade for California ports and to explore greater utilization of California ports, that would be required to advise the director for those purposes, as prescribed.

(2) The Bergeson-Peace Infrastructure and Economic Development Bank Act authorizes the California Infrastructure and Economic Development Bank, within GO-Biz, to make loans and provide other assistance to public and private entities for various types of economic development projects, among other things. The bank is governed by a board of directors and under the direction of an executive director. ~~The activities of the bank under these provisions are funded from the California Infrastructure and Economic Development Bank Fund, which is continuously appropriated for these purposes. The bank administers the California Small Business Finance Center that administers programs to assist businesses seeking new capital resources. The Small Business Financial Assistance Act of 2013 continues in existence the California Small Business Expansion Fund (expansion fund), a continuously appropriated fund which includes General Fund moneys, and authorizes all or a portion of the funds in the expansion fund to be paid out to a financial institution or financial company that will establish a trust fund and act as a trustee of the funds, as specified. The Small Business Financial Assistance Act of 2013 authorizes the program manager, as defined, to create one or more accounts in the expansion fund and the trust fund for corporations participating in one or more specified programs.~~

*The Small Business Financial Assistance Act of 2013 authorizes the bank board to continue programs funded by the expansion fund or to establish one or more programs administered by the bank or under contract with small business financial development corporations. Existing law further authorizes those programs to include specific types of financial products, including loan guarantees and surety bond guarantees. The expansion fund may be used to pay defaulted loan guarantee or surety bond losses, or other financial product defaults or losses, to fund direct loans and other debt instruments, to pay administrative costs of corporations, to pay state support and administrative costs, and to pay costs to protect a real property interest in a financial product default.*

*This bill would authorize the bank to include insurance, coinsurance, and other forms of surety among the types of financial products included*

*in programs administered by the bank, as prescribed. The bill would authorize the bank to act as agent for creditworthy California growers, manufacturers, and other exporters, to sell approved and insured accounts receivable to qualified parties, and function as a clearinghouse for the collection and disbursement of funds relative to those sales. By expanding the activities of the bank that are funded by continuous appropriation from the expansion fund, this bill would make an appropriation.*

~~This~~

*The bill would establish the California Export Finance Office (office) within the California Small Business Finance Center, within the bank, to be headed by the executive director, for the purpose of expanding employment and income opportunities for Californians through increased exports of California goods, services, and agricultural commodities. The bill would authorize the office to ~~insure, coinsure, and guarantee loans for qualified export transactions,~~ coordinate state export activities with international, federal, and other state entities and disseminate information to California exporters, and act as an agent for creditworthy California growers, manufacturers, and other exporters.*

*The bill would establish the Export Finance Fund as a continuously appropriated fund, to receive, among other moneys, state, federal, and private funds, fees and collections made by the office, and the returns on investments made pursuant to these provisions. ~~By establishing a continuously appropriated fund and authorizing deposits into that fund,~~ the bill would make an appropriation.*

*The bill would also establish within the office an 11-member California Export Finance Advisory Board (~~finance~~ export advisory board), composed of specified state officers and individuals appointed by the Governor and the Legislature, to serve 2-year terms at the pleasure of their appointing authority, as specified. The bill would require the ~~finance export advisory~~ board, among other duties, to ~~oversee the program authorized by these provisions, including, but not limited to, promulgating regulations establishing programs to insure, coinsure, and provide loan guarantees to support export transactions.~~ The bill would authorize the finance board to delegate the approval or extension of ~~insurance, coinsurance, or loan guarantees, as specified.~~ *advise on specified export-related programs and issue an annual report.**

*The bill would require the office to comply with existing laws relating to open and public meetings and access to public records, ~~except, under certain circumstances, for records containing the financial data of~~*

applicants seeking financial assistance from the board, and telephone or cellular phone conferences or meetings of the board relating to its approval of an application for that financial assistance in the form of loan guarantees, as specified. *records.*

~~(3) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect.~~

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Trade is critical to California's prosperity by fueling  
4 economic growth, supporting and creating jobs, and raising living  
5 standards. In 2012, California's three customs districts led the  
6 nation by processing \$579 billion in two-way trade value. Exports  
7 have been the second largest contributor to our nation's gross  
8 domestic product since the recession ended.

9 (b) California's success as a trade leader cannot be taken for  
10 granted, given the weakening of the national and global economies,  
11 the European debt crisis, and the increased competition of Gulf,  
12 East Coast, and Mexican ports preparing to compete with  
13 California's market share as the expanded Panama Canal becomes  
14 operational in 2015.

15 (c) There are substantial opportunities that can strengthen and  
16 grow California's trade sector and increase jobs. As the gateway  
17 to China, India, and emerging countries, California is well  
18 positioned to access China, India, and emerging nations that are,  
19 or are becoming, large markets for exported goods and services.

20 (d) Exports support jobs for California workers and more than  
21 one million direct and indirect jobs. Exports sustain nearly 60,000  
22 businesses in the state, of which 96 percent are small- to  
23 medium-sized businesses.

24 (e) Many small- and medium-sized California businesses and  
25 agricultural enterprises, both those that are already exporting and

1 want to expand their business and those that are new to exporting,  
2 would benefit from financing and technical assistance.

3 (f) California-based small- and medium-sized exporters were  
4 assisted from 1985 to 2003, inclusive, under a state program  
5 designed to work with federal, state, and private institutions to  
6 provide California exporters with information, technical assistance,  
7 and financial resources, but the state program ceased when the  
8 Technology, Trade, and Commerce Agency was eliminated for  
9 budgetary reasons in 2004 by Chapter 229 of the Statutes of 2003.

10 (g) Reestablishing the state program will expand job  
11 opportunities for California's workforce by increasing exports of  
12 California goods, services, and agricultural commodities through  
13 the provision of information, technical assistance, and financial  
14 support to California exporters.

15 SEC. 2. Chapter 2.6 (commencing with Section 13996.85) is  
16 added to Part 4.7 of Division 3 of Title 2 of the Government Code,  
17 to read:

18

19 CHAPTER 2.6. TRADE PROMOTION OF CALIFORNIA PORTS

20

21 13996.85. The Director of the Governor's Office of Business  
22 and Economic Development shall convene, no later than February  
23 1, 2015, a statewide business partnership for promotion of trade  
24 for California ports and to explore greater utilization of California  
25 ports, as follows:

26 (a) The business partnership shall include, but is not limited to,  
27 representatives from ports of entry, ocean carriers, marine terminal  
28 operators, warehouse operators, railroads, trucking companies,  
29 labor representatives, and foreign trade zones, representatives of  
30 environmental groups, and shippers, specifically including  
31 agricultural exporters, manufacturers, postconsumer secondary  
32 material handlers, and retailers.

33 (b) The business partnership shall advise the Director of the  
34 Governor's Office of Business and Economic Development on  
35 promoting trade for California ports while increasing the use of  
36 California ports of entry, and ways to increase the opportunity for  
37 growth and trade activity.

38 SEC. 3. Section 63088.5 of the Government Code is amended  
39 to read:

1 63088.5. (a) There is within the Governor’s Office of Business  
2 and Economic Development the California Infrastructure and  
3 Economic Development Bank, which shall, among other things,  
4 administer the California Small Business Finance Center that  
5 administers programs to assist businesses seeking new capital  
6 resources, including, but not limited to, the Small Business Loan  
7 Guarantee Program.

8 (b) Pursuant to this chapter and Chapter 1 (commencing with  
9 Section 14000) of Part 5 of Division 3 of Title 1 of the  
10 Corporations Code, the bank board may continue programs funded  
11 by the Small Business Expansion Fund or establish one or more  
12 programs administered by the bank or under contract with small  
13 business financial development corporations. Programs established  
14 pursuant to this chapter or Chapter 1 (commencing with Section  
15 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code  
16 may include the following types of financial products:

- 17 (1) Loan guarantees and other credit enhancements.
- 18 (2) Direct loans and other debt instruments.
- 19 (3) Disaster loan guarantees.
- 20 (4) Surety bond guarantees.
- 21 (5) *Insurance, coinsurance, and other forms of surety.*

22 (c) In all of their state-funded programs, the corporations shall,  
23 to the extent practicable, be complementary to, and not competitive  
24 with, commercial lenders and other state and federal programs.

25 (d) In carrying out this chapter the program manager, the  
26 executive director, and the bank board may call on the California  
27 Small Business Board for advice and recommendations. All actions  
28 by the California Small Business Board are advisory.

29 (e) The California Small Business Board may also advise the  
30 Governor and the Small Business Advocate regarding issues and  
31 programs affecting California’s small business community,  
32 including, but not limited to, business innovation and expansion,  
33 export finance, state procurement, management and technical  
34 assistance, venture capital, and financial assistance.

35 *SEC. 4. Section 63089.5 of the Government Code, as added*  
36 *by Section 4 of Chapter 537 of the Statutes of 2013, is amended*  
37 *to read:*

38 63089.5. (a) There is hereby continued in existence in the State  
39 Treasury the California Small Business Expansion Fund. All or a  
40 portion of the funds in the expansion fund may be paid out, with

1 the approval of the Department of Finance, to a financial institution  
2 or financial company that will establish a trust fund and act as  
3 trustee of the funds.

4 (b) The expansion fund and the trust fund shall be used for the  
5 following purposes:

6 (1) To pay defaulted loan guarantee or surety bond losses, or  
7 other financial product defaults or losses.

8 (2) To fund direct loans and other debt instruments.

9 (3) To pay administrative costs of corporations.

10 (4) To pay state support and administrative costs.

11 (5) To pay those costs necessary to protect a real property  
12 interest in a financial product default.

13 (c) The expansion fund and trust fund are created solely for the  
14 purpose of receiving state, federal, or local government moneys,  
15 and other public or private moneys to make loans, guarantees, and  
16 other financial products that the California Small Business Finance  
17 Center or a financial development corporation is authorized to  
18 provide. The program manager shall provide written notice to the  
19 Joint Legislative Budget Committee and to the Chief Clerk of the  
20 Assembly and the Secretary of the Senate who shall provide a copy  
21 of the notice to the relevant policy committees within 10 days of  
22 any nonstate funds being deposited in the expansion fund. The  
23 notice shall include the source, purpose, timeliness, and other  
24 relevant information as determined by the bank board.

25 (d) (1) One or more accounts in the expansion fund and the  
26 trust fund may be created by the program manager for corporations  
27 participating in one or more programs authorized under this chapter  
28 and Section 8684.2. Each account is a legally separate account,  
29 and shall not be used to satisfy loan guarantees or other financial  
30 product obligations of another corporation except when the  
31 expansion fund or trust fund is shared by multiple corporations.

32 (2) The program manager may create one or more holding  
33 accounts in the expansion fund or the trust fund, or in both, to  
34 accommodate the temporary or permanent transfers of funds  
35 pursuant to Section 63089.3.

36 (e) The amount of guarantee liability outstanding at any one  
37 time shall not exceed five times the amount of funds on deposit in  
38 the expansion fund plus any receivables due from funds loaned  
39 from the expansion fund to another fund in state government as  
40 directed by the Department of Finance pursuant to a statute enacted

1 by the Legislature, including each of the trust fund accounts within  
2 the trust fund.

3 (f) *The amount of insured export transaction liability outstanding*  
4 *at any one time shall be secured by no less than a 25 percent*  
5 *reserve amount of funds on deposit in the expansion fund plus any*  
6 *receivables due from funds loaned from the expansion fund to*  
7 *another fund in state government as directed by the Department*  
8 *of Finance pursuant to a statute enacted by the Legislature,*  
9 *including each of the trust fund accounts within the trust fund.*

10 ~~(f)~~

11 (g) This section shall remain in effect only until January 1, 2018,  
12 and as of that date is repealed, unless a later enacted statute, that  
13 is enacted before January 1, 2018, deletes or extends that date.

14 *SEC. 5. Section 63089.5 of the Government Code, as added*  
15 *by Section 4 of Chapter 537 of the Statutes of 2013, is amended*  
16 *to read:*

17 63089.5. (a) There is hereby continued in existence in the State  
18 Treasury the California Small Business Expansion Fund. All or a  
19 portion of the funds in the expansion fund may be paid out, with  
20 the approval of the Department of Finance, to a financial institution  
21 or financial company that will establish a trust fund and act as  
22 trustee of the funds.

23 (b) The expansion fund and the trust fund shall be used for the  
24 following purposes:

25 (1) To pay defaulted loan guarantee or surety bond losses, or  
26 other financial product defaults or losses.

27 (2) To fund direct loans and other debt instruments.

28 (3) To pay administrative costs of corporations.

29 (4) To pay state support and administrative costs.

30 (5) To pay those costs necessary to protect a real property  
31 interest in a financial product default.

32 (c) The expansion fund and trust fund are created solely for the  
33 purpose of receiving state, federal, or local government moneys,  
34 and other public or private moneys to make loans, guarantees, and  
35 other financial products that the California Small Business Finance  
36 Center and a small business financial development corporation are  
37 authorized to provide.

38 (d) One or more accounts in the expansion fund and the trust  
39 fund may be created by the program manager for corporations  
40 participating in one or more programs authorized under this



1 chapter. Each account is a legally separate account, and shall not  
2 be used to satisfy loan guarantees or other financial product  
3 obligations of another corporation except when the expansion fund  
4 or trust fund is shared by multiple corporations.

5 (e) The amount of guarantee liability outstanding at any one  
6 time shall not exceed four times the amount of funds on deposit  
7 in the expansion fund plus any receivables due from funds loaned  
8 from the expansion fund to another fund in state government as  
9 directed by the Department of Finance pursuant to a statute enacted  
10 by the Legislature, including each of the trust fund accounts within  
11 the trust fund.

12 (f) *The amount of insured export transaction liability outstanding*  
13 *at any one time shall be secured by no less than a 25 percent*  
14 *reserve amount of funds on deposit in the expansion fund plus any*  
15 *receivables due from funds loaned from the expansion fund to*  
16 *another fund in state government as directed by the Department*  
17 *of Finance pursuant to a statute enacted by the Legislature,*  
18 *including each of the trust fund accounts within the trust fund.*

19 (f)

20 (g) This section shall become operative on January 1, 2018.

21 *SEC. 6. Article 8.5 (commencing with Section 63089.85) is*  
22 *added to Chapter 6 of Division 1 of Title 6.7 of the Government*  
23 *Code, to read:*

24

25 *Article 8.5. Insurance, Coinsurance, and Other Forms of Surety*

26

27 *63089.85. (a) The bank or its delegate may utilize funds for*  
28 *offering insurance or coinsurance to businesses with less than 250*  
29 *employees that export or plan to export pursuant to the directives*  
30 *and requirements.*

31 *(b) The amount of funds available for insurance, coinsurance,*  
32 *and other forms of surety shall be determined by the directives*  
33 *and requirements.*

34 *(c) The bank or its delegate shall not issue insurance,*  
35 *coinsurance, and other forms of surety unless and until it*  
36 *determines that all of the following conditions are satisfied:*

37 *(1) The insurance, coinsurance, and other forms of surety*  
38 *assistance would not be granted by an insurer under reasonable*  
39 *terms and conditions and the business has demonstrated a*  
40 *reasonable prospect of repayment.*

1 (2) *The insurance will be extended exclusively to support the*  
2 *export of goods, services, and agricultural commodities produced*  
3 *or grown primarily in California by companies or agricultural*  
4 *enterprises that have California as the principal place from which*  
5 *their trade or business is directed or managed.*

6 (3) *The business has a minimum equity interest in the business*  
7 *as determined by the directives and requirements.*

8 (4) *As a result of the insurance, coinsurance, and other forms*  
9 *of surety instruments, the jobs generated or retained demonstrate*  
10 *reasonable conformance to any directives and requirements*  
11 *specifying employment criteria.*

12 (d) *The maximum direct insurance, coinsurance, and other*  
13 *forms of surety instrument amount to a small business shall be set*  
14 *by the directives and requirements.*

15 (e) *The bank shall establish directives and requirements for the*  
16 *formation, operation, and responsibilities of an insurance review*  
17 *committee, that, at a minimum, requires the following:*

18 (1) *An insurance review committee shall be comprised of at*  
19 *least five or more persons, a majority of whom shall be experienced*  
20 *in insurance and export finance.*

21 (2) *An insurance review committee shall expeditiously act to*  
22 *accept or reject loan applications.*

23 (3) *A person who has a financial interest related to a matter*  
24 *over which the insurance review committee has authority shall not*  
25 *make, participate in making, or in any way attempt to influence*  
26 *that matter.*

27 (f) *The bank board shall adopt collateral or security*  
28 *requirements to ensure the solvency of any insurance, coinsurance,*  
29 *or surety extended under this chapter and to assist in evaluating*  
30 *the program authorized by this chapter.*

31 (g) *The bank may charge the applicant or financial institution*  
32 *an insurance origination fee or other fee on all insurance made*  
33 *by the bank or its insurance provider to defray the operating*  
34 *expenses of the program. The amount of the fee shall be determined*  
35 *by the directives and requirements.*

36 63089.86. *The bank may do any of the following:*

37 (a) *Act as agent for creditworthy California growers,*  
38 *manufacturers, and other exporters to sell accounts receivable*  
39 *that are approved by the office and insured by the Foreign Credit*

1 *Insurance Association or an acceptable private insurer, to qualified*  
2 *parties.*

3 *(b) Function as a clearinghouse for the collection and*  
4 *disbursement of funds relative to those sales through the use of a*  
5 *segregated bank account.*

6 *(c) Take any other related actions as may be appropriate and*  
7 *necessary to facilitate the sale of export accounts receivable for*  
8 *California exporters.*

9 ~~SEC. 3.~~

10 *SEC. 7.* Chapter 7 (commencing with Section 63090) is added  
11 to Division 1 of Title 6.7 of the Government Code, to read:

12

13 CHAPTER 7. CALIFORNIA EXPORT FINANCE

14

15 ~~63090. As used in this chapter:~~

16 63090. ~~(a) As used in this chapter:~~

17 *(a) “California Export Finance Advisory Board” or “finance*  
18 *“export advisory board” means the California Export Finance*  
19 *Advisory Board established by 63090.7.*

20 *(b) “California Export Finance Office” or “office” means the*  
21 *entity created by Section 63090.1.*

22 ~~(c) “Financial institution” means a bank or savings and loan~~  
23 ~~association regulated by the state or federal government, an~~  
24 ~~insurance company authorized to transact business in California,~~  
25 ~~a personal property broker or industrial loan company that is~~  
26 ~~regulated by the state, and a person whose primary business is~~  
27 ~~lending money and is regulated by the state.~~

28 *(c) “Small-size and medium-size businesses” mean firms with*  
29 *less than 250 employees.*

30 ~~63090.1~~

31 *63090.1. (a) The California Export Finance Office is hereby*  
32 *created within the California Small Business Finance Center,*  
33 *within the bank.*

34 *(b) The purpose of the office is to expand employment and*  
35 *income opportunities for Californians through increased exports*  
36 *of California goods, services, and agricultural commodities by*  
37 *providing actual and potential California exporters, specifically*  
38 *small- and medium-sized exporters, with information and technical*  
39 *assistance on export opportunities, exporting techniques, and*  
40 *financial assistance in support of export transactions.*

1 63090.2. The executive director, or his or her designee, shall  
2 be the director of the California Export Finance Office and shall  
3 administer the programs of the California Export Finance Office  
4 and perform any duties delegated by the ~~finance bank~~ board.

5 63090.3. The executive director, or his or her designee, upon  
6 approval of the ~~finance bank~~ board, may do all of the following:

7 (a) Contract for services.

8 (b) Hold public hearings.

9 (c) Call upon and reimburse for services any state agency or  
10 department for assistance in carrying out the objectives of this  
11 chapter.

12 (d) Participate with government or private industry in programs  
13 for technical assistance, ~~loans~~, technology, transfer, or any other  
14 programs related to this chapter.

15 (e) Undertake or commission studies on methods to increase  
16 financial resources to expand the exports of California goods,  
17 services, and agricultural commodities.

18 (f) Exercise any other power as may be necessary to carry out  
19 the purposes of this chapter.

20 (g) *Provide or facilitate the provision of export finance training*  
21 *for staff and other individuals involved in export finance assistance,*  
22 *including, but not limited to, training sessions provided by the*  
23 ~~Export-Import Bank of the United States or other federal~~  
24 ~~government and other public and private organizations.~~

25 63090.4. The office is authorized to do all of the following:

26 (a) ~~Insure, coinsure, and guarantee loans related to qualified~~  
27 ~~export transactions pursuant to regulations adopted by the finance~~  
28 ~~board.~~

29 (b)

30 (a) ~~Coordinate to the maximum extent possible the efforts of~~  
31 ~~the California Export Finance Office with program and goals of~~  
32 ~~the Export-Import Bank of the United States, the International~~  
33 ~~Trade Administration of the United States Department of~~  
34 ~~Commerce, the Foreign Credit Insurance Association, and other~~  
35 ~~public and private programs~~ *state export activities with*  
36 *international, federal, and other state entities that provide*  
37 *programs or services that are designed to provide export assistance*  
38 *and export-related financing.*

39 (e)

1 (b) Establish a network of contacts among public and private  
2 organizations that provide information, technical assistance, and  
3 financial support of exporting.

4 ~~(d)~~

5 (c) Assemble, publish, and disseminate information to California  
6 exporters on export opportunities, techniques of exporting, sources  
7 of public and private export assistance, and sources of  
8 export-related financing.

9 ~~(e)~~

10 (d) Organize, host, and participate in seminars and other forums  
11 designed to disseminate information and technical assistance on  
12 exporting and export-related financing to actual and potential  
13 California exporters.

14 ~~(f)~~

15 (e) Provide *small-size and medium-size businesses, including*  
16 *individual firms and agricultural enterprises enterprises*, with  
17 information and technical assistance relating to exporting and  
18 export financing.

19 63090.5. ~~(a)~~—The office shall comply with the Bagley-Keene  
20 Open Meeting Act (Article 9 (commencing with Section 11120)  
21 of Chapter 1 of Part 1 of Division 3 of Title 2) and the California  
22 Public Records Act (Chapter 3.5 (commencing with Section 6250)  
23 of Division 7 of Title 1), except as specified in subdivision (b).

24 ~~(b) (1) Notwithstanding any other law, if the executive director~~  
25 ~~determines that disclosure of financial data would be competitively~~  
26 ~~injurious to an applicant, the disclosure of financial data contained~~  
27 ~~in applications for financial assistance from the finance board shall~~  
28 ~~not be required. For this purpose, financial data includes, but shall~~  
29 ~~not be limited to, financial statements, details of accounts~~  
30 ~~receivable and accounts payable, income tax returns, owner-officer~~  
31 ~~compensation records, collateral details, cashflow analysis, orders,~~  
32 ~~contracts and letters of credit, and other documents that would~~  
33 ~~disclose specific names or addresses of customers or would be~~  
34 ~~customers.~~

35 ~~(2) Notwithstanding any other law, the finance board or a~~  
36 ~~subcommittee of the finance board may review and approve loan~~  
37 ~~guarantee requests by means of a telephone or cellular phone~~  
38 ~~conference or in a meeting not open to the public.~~

39 63090.6. The office may do any of the following:

1 ~~(a) Act as agent for creditworthy California growers,~~  
2 ~~manufacturers, and other exporters to sell accounts receivable that~~  
3 ~~are approved by the office and insured by the Foreign Credit~~  
4 ~~Insurance Association or an acceptable private insurer, to qualified~~  
5 ~~parties.~~

6 ~~(b) Function as a clearing house for the collection and~~  
7 ~~disbursement of funds relative to those sales through the use of a~~  
8 ~~segregated bank account.~~

9 ~~(c) Take any other related actions as may be appropriate and~~  
10 ~~necessary to facilitate the sale of export accounts receivable for~~  
11 ~~California exporters.~~

12 63090.7. (a) The California Export Finance *Advisory* Board  
13 is established within the bank. The ~~finance export advisory~~ board  
14 shall consist of 11 members as follows:

15 (1) The Secretary of Food and Agriculture, or his or her  
16 designee.

17 (2) The executive director, or his or her designee.

18 (3) One individual appointed by the Governor who shall be  
19 knowledgeable of, and experienced in, the exporting and export  
20 needs of California agriculture.

21 (4) Three individuals appointed by the Governor and one  
22 individual appointed by the Speaker of the Assembly, each of  
23 whom shall be experienced in exporting, knowledgeable of the  
24 needs and problems of small and entrepreneurial exporters, and  
25 actively employed with an exporting firm, export trading company,  
26 or export management company.

27 (5) One person appointed by the Governor and one person  
28 appointed by the Senate Committee on Rules, each of whom shall  
29 be experienced in export financing, knowledgeable of the export  
30 financing needs and problems of small and entrepreneurial  
31 exporters, and actively employed by a financial institution.

32 (6) One person appointed by the Controller and one person  
33 appointed by the Treasurer, each of whom shall be an accomplished  
34 credit evaluation representative experienced in analyzing financial  
35 statements, including, but not limited to, loan applications, and in  
36 evaluating the creditworthiness of firms that are likely to seek  
37 insurance or loan guarantees from the office.

38 (b) The members shall serve two-year terms at the pleasure of  
39 the appointing authority. Vacancies shall be filled by the appointing  
40 authority.

1 (c) ~~Finance~~—*Export advisory* board members who are not  
2 employees of the state shall receive the per diem authorized in  
3 Section 11564.5 for each day they attend ~~finance export advisory~~  
4 board or ~~finance export advisory~~ board subcommittee meetings.  
5 In addition, these members shall be reimbursed for their expenses  
6 in accordance with the rules of the Department of Personnel  
7 Administration when attending ~~finance export advisory~~ board and  
8 ~~finance export advisory~~ board subcommittee meetings and  
9 conducting ~~finance export advisory~~ board businesses as determined  
10 by the ~~finance export advisory~~ board.

11 63090.8. The ~~finance export advisory~~ board shall do all of the  
12 following:

13 (a) Elect a chair and vice chair from among its members. The  
14 chair shall preside at meetings of the ~~finance export advisory~~ board.

15 (b) ~~Oversee the program~~ *Advise on the export-related programs*  
16 authorized by *Chapter 6 (commencing with Section 63088) and*  
17 ~~this chapter, promulgate rules and regulations that are necessary~~  
18 ~~to carry out the responsibilities under this chapter, including, but~~  
19 ~~not limited to, establishing programs to insure, coinsure, and~~  
20 ~~provide loan guarantees to support export transactions. The finance~~  
21 ~~board shall ensure that these programs conform to international~~  
22 ~~trade agreements of the United States. The rules and regulations~~  
23 ~~of the finance board shall be adopted in accordance with Article~~  
24 ~~5 (commencing with Section 11346) of Chapter 3.5 of Part 1 of~~  
25 ~~Division 3 of Title 2. chapter.~~

26 (c) Adopt bylaws as are necessary to govern the conduct and  
27 operation of the ~~finance export advisory~~ board.

28 (d) Provide for the appointment of advisory ~~groups~~ *subgroups*  
29 necessary to ~~carry out the powers and duties of~~ *inform and*  
30 *deliberate on issues of significance to the* ~~finance export advisory~~  
31 board.

32 (e) Hold regularly scheduled meetings, at least quarterly, in  
33 order to carry out the objectives and responsibilities of the ~~finance~~  
34 ~~export advisory~~ board.

35 (f) Issue an annual report critiquing ~~the program, its needs,~~  
36 *California's export-related programs, service, and other activities,*  
37 and recommended changes. The report shall include an evaluation  
38 of ~~the program's~~ *how these activities* impact ~~on~~ all of the following:

39 (1) Participation of financial institutions in export financing  
40 programs.

1 (2) Access of California firms to federal export financing  
2 programs.

3 (3) Export volume of California firms.

4 (4) Economic and social benefits of exports to the state.

5 ~~(g) Adopt criteria establishing which exports and export~~  
6 ~~transactions are eligible for the insurance, coinsurance, and loan~~  
7 ~~guarantees as may be extended by the finance board. Pursuant to~~  
8 ~~this subdivision, the finance board shall adopt regulations to ensure~~  
9 ~~that all of the following criteria are met:~~

10 ~~(1) Borrowers have a minimum equity interest in the business~~  
11 ~~as determined by the finance board.~~

12 ~~(2) Loan guarantees, insurance, and coinsurance are extended~~  
13 ~~exclusively to support the export of goods, services, and~~  
14 ~~agricultural commodities produced or grown primarily in California~~  
15 ~~by companies or agricultural enterprises that have California as~~  
16 ~~the principal place from which their trade or business is directed~~  
17 ~~or managed.~~

18 ~~(3) Financing assistance backed by or using funds from the~~  
19 ~~Export Finance Fund shall be extended only for any of the~~  
20 ~~following circumstances:~~

21 ~~(A) As part of a state match that may be required to secure~~  
22 ~~participation of California firms or agricultural enterprises in~~  
23 ~~federal, state, or private financing programs.~~

24 ~~(B) If adequate financing assistance is not readily available from~~  
25 ~~public or private sources in a timely manner.~~

26 ~~(h) Adopt collateral or security requirements to ensure the full~~  
27 ~~repayment of loan guarantees and solvency of any insurance and~~  
28 ~~coinsurance program extended under this chapter and to assist in~~  
29 ~~evaluating the program authorized by this chapter.~~

30 ~~(i) Approve any and all extensions of insurance, coinsurance,~~  
31 ~~or loan guarantees under this chapter.~~

32 ~~(1) The finance board may elect to delegate the approval~~  
33 ~~authority to a committee consisting of at least three members of~~  
34 ~~the finance board.~~

35 ~~(2) The finance board may elect to delegate this approval to an~~  
36 ~~office loan committee if the financial exposure to a borrower or~~  
37 ~~insured does not exceed an aggregate of one hundred thousand~~  
38 ~~dollars (\$100,000). The office loan committee shall be composed~~  
39 ~~of the director of the office and two others who shall be selected~~  
40 ~~by, and who shall be responsible to, the finance board.~~



1 ~~(3) All approvals delegated pursuant to paragraphs (1) and (2)~~  
2 ~~shall be reported to, and shall be reviewed by, the finance board~~  
3 ~~at the next regular finance board meeting.~~

4 ~~(j) Work with and seek assistance from the Export-Import Bank~~  
5 ~~of the United States, the International Trade Administration of the~~  
6 ~~United States Department of Commerce, the Foreign Credit~~  
7 ~~Insurance Association, and other public and private programs~~  
8 ~~designed to provide export assistance and export-related financing.~~

9 ~~(k) Develop a streamlined application and review process.~~

10 ~~63090.9. There is hereby created in the State Treasury the~~  
11 ~~Export Finance Fund. The purpose of the Export Finance Fund is~~  
12 ~~to receive all of the following moneys for purposes of this chapter:~~

13 ~~(a) State, federal, and private funds.~~

14 ~~(b) Insurance premiums and other fees earned by the office.~~

15 ~~(c) Recoveries and collections on claims paid by the office.~~

16 ~~(d) Funds received from the return of investments pursuant to~~  
17 ~~this chapter.~~

18 ~~63090.10. Notwithstanding Section 13340, all funds deposited~~  
19 ~~in the Export Finance Fund are hereby continuously appropriated,~~  
20 ~~without regard to fiscal years, for the purposes of this chapter.~~

21 ~~63090.11. The state shall not be liable or obligated in any way~~  
22 ~~beyond the state funds that are allocated and deposited in the~~  
23 ~~Export Finance Fund from state funds that are appropriated for~~  
24 ~~those purposes.~~

25 ~~63090.12. The Treasurer, with the approval of the finance~~  
26 ~~board, may cause funds in the Export Finance Fund to be invested~~  
27 ~~and reinvested, from time to time, in the Surplus Money Investment~~  
28 ~~Fund as provided in Article 4 (commencing with Section 16470)~~  
29 ~~of Chapter 3 of Part 2 of Division 4 of Title 2. Funds in the Export~~  
30 ~~Finance Fund and not so invested may be deposited from time to~~  
31 ~~time in financial institutions authorized by law to receive deposits~~  
32 ~~of public funds. Returns from investments and interest on deposits~~  
33 ~~shall be deposited in the Export Finance Fund.~~

34 ~~63090.13. Funds in the Export Finance Fund shall be paid out~~  
35 ~~by the Treasurer on warrants drawn by the Controller upon order~~  
36 ~~of the finance board in furtherance of the purposes of this chapter,~~  
37 ~~including, but not limited to, the payment of operating expenses,~~  
38 ~~principal and interest on bonds, claims under loan guarantee and~~  
39 ~~insurance and coinsurance programs, payments for reinsurance,~~

1 and payments required by state, federal, or private export programs  
2 conducted by the finance board.

3 ~~63090.14. The office may charge fees for its loan guarantees,  
4 insurance, coinsurance, and other services, the amount of which  
5 shall be determined by the finance board.~~

6 ~~63090.15. Loan guarantees and insured export transactions  
7 made by the office shall be secured by no less than a 25 percent  
8 reserve in the Export Finance Fund. The finance board may elect  
9 to require a higher reserve. The finance board shall adopt  
10 regulations on the terms and limits for loan guarantees, but a loan  
11 guarantee shall not exceed any of the following:~~

12 ~~(a) Ninety percent of the required financing.~~

13 ~~(b) Nine hundred thousand dollars (\$900,000).~~

14 ~~(c) The lesser of five years or the useful life of the product.~~

15 ~~63090.16. The executive director shall submit an annual budget,  
16 as part of the budget of the bank, for inclusion in the annual budget.~~

17 ~~63090.17. If any provision of this chapter or the application  
18 thereof to any person or circumstance is held invalid, that invalidity  
19 shall not affect any other provision or application of this chapter  
20 that can be given effect without the invalid provision or application,  
21 and to this end the provisions of this chapter are severable.~~

22 ~~SEC. 4. The Legislature finds and declares that Section 3 of  
23 this act, which adds Section 63090.5 to the Government Code,  
24 imposes a limitation on the public's right of access to the meetings  
25 of public bodies or the writings of public officials and agencies  
26 within the meaning of Section 3 of Article I of the California  
27 Constitution. Pursuant to that constitutional provision, the  
28 Legislature makes the following findings to demonstrate the interest  
29 protected by this limitation and the need for protecting that interest:~~

30 ~~Disclosure of financial data would be competitively injurious to  
31 California businesses.~~