

January 26, 2007

The Honorable John H. Chichester
Chairman
Senate Finance Committee
10th Floor, General Assembly Building
Richmond, Virginia 23219

The Honorable Vincent F. Callahan, Jr.
Chairman
House Appropriations Committee
9th Floor, General Assembly Building
P.O. Box 406
Richmond, Virginia 23219

Dear Chairman Chichester and Chairman Callahan:

Pursuant to Item 107 D (Special Session 1, 2004), the Executive Director of the Virginia Small Business Financing Authority (VSBFA) “...with the approval of the Director of the Department of Business Assistance may transfer moneys between funds managed by the Authority. These include the Virginia Small Business Growth Fund (§2.2-2310, Code of Virginia); the Virginia Export Fund (§ 2.2-2309, Code of Virginia); and the Insurance or Guarantee Fund (§ 2.2-2290, Code of Virginia). The Executive Director of the Virginia Small Business Financing Authority shall report, by fund, the transfers made by January 1 of each year to the Chairmen of the Senate Finance and House Appropriations Committees.” The activity listed below is in fulfillment of that requirement.

On March 1, 2006, the Executive Director, with the approval of the Board of Directors of the Virginia Small Business Financing Authority (VSBFA) including the Director of the Virginia Department of Business Assistance (VDBA), authorized the transfer of eight thousand (\$8,000) dollars from the Loan Guaranty Program to the Virginia Capital Access Program (also known as the Virginia Small Business Growth Fund). This transfer was necessary to continue to meet commitments to small business and banking clients of the Virginia Capital Access Program and to continue the program until such time as additional funds could be appropriated.

On August 8, 2006, having received \$1,250,000 in new General Fund appropriations from the General Assembly, the Executive Director, with the approval of the Board of Directors of the VSBFA including the Director of the VDBA, authorized the transfer of five hundred thousand (\$500,000) dollars from the VDBA's General Fund account for Financial Services to the Virginia Capital Access Program (also known as the Virginia Small Business Growth Fund). This transfer was necessary to recapitalize the program as it was devoid of funds to meet commitments to small business and banking clients.

On August 16, 2006, having received \$1,250,000 in new General Fund appropriations from the General Assembly, the Executive Director, with the approval of the Board of Directors of the VSBFA including the Director of the VDBA, authorized the transfer of seven hundred, fifty thousand (\$750,000) dollars from the VDBA's General Fund account for Financial Services to the VSBFA's Local Government Investment Pool (LGIP) account. This transfer was necessary to recapitalize the VSBFA's economic development direct loan program as it was devoid of funds to meet commitments to business and localities.

Please feel free to contact me should have any questions regarding this report.

Respectfully,

Scott E. Parsons
Executive Director
Virginia Small Business Financing Authority

Cc: Ms. Louisa Strayhorn, Director, Virginia Department of Business Assistance
Mr. Andrew Brownstein, Board Chairman, Virginia Small Business Financing Authority