

Item 20

Action Item

Consideration of designating Commissioners as Directors of the EdFund Board

SUMMARY OF THE ISSUE(S):

The Commission's non-profit auxiliary, EdFund, has several vacancies on its Board of Directors which must be filled by current members of the Commission. Newly-appointed Commissioners who have not yet been designated as members of the EdFund Board of Directors should be formally appointed to that body.

RECOMMENDATION:

Designate Commissioners Maxie, Valladolid, Becerra, Cifuentes, and Salinas, and any other Commissioners appointed prior to June 17, 2016, as Directors on the EdFund Board of Directors.

Furthermore, designate all Commissioners appointed to the Student Aid Commission after June 17, 2016 to the EdFund Board of Trustees, effective as of the date of their Oath of Office for the Commission, without requiring additional action by the Commission, until such time as EdFund is finally dissolved.

BRIEF HISTORY OF KEY ISSUE(S):

The Bylaws of EdFund, as amended and restated on March 23, 2011, (hereinafter "Bylaws") provide that "at all times, the members of the Commission shall be directors of this corporation." (Article IV, Section 2.) The Bylaws additionally establish that the Directors of EdFund shall be designated by the California Student Aid Commission. (Article III, Section 1; Article IV, Sections 4 and 5.)

On February 21, 2016, the EdFund Board of Directors voted to dissolve EdFund. That process is ongoing; however, certain residual issues have delayed its completion. While all remaining issues are being resolved, EdFund needs its full complement of Board members as required by its Bylaws.

ANALYSIS:

The Bylaws of EdFund provide that all powers and activities of the corporation shall be managed by the Board of Directors of the corporation. (Article IV, Section 1). Without a Board of Directors, the EdFund corporate entity cannot undertake or exercise any necessary powers or activities. As such,

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new Directors must be appointed to the Board when vacancies occur. With the recent changes to the Commission's membership, there is still a quorum of directors, but there are several vacancies.

The Bylaws establish that the Directors of EdFund shall be designated by the California Student Aid Commission. (Article III, Section 1; Article IV, Sections 4 and 5.) As a result of the foregoing provisions, all Commissioners not previously designated should be appointed to serve on the EdFund Board of Directors and it is requested that all future appointees to the Commission be automatically designated to the EdFund Board of Directions upon taking the Oath of Office for the position of Commissioner.

RESPONSIBLE PERSON(S): Keri Faseler Tippins
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Legal & Audit Services Division