



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: March 23, 2004

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Barbara Allivato, Business Finance 612-673-5232

Presenter in Committee: Barbara Allivato, Business Finance

Approved by: Chuck Lutz, Deputy CPED Director _____

Subject: Year-end Delinquency Report for 2% Small Business Loan Program

RECOMMENDATION: Authorize charge-off of Ginko, Inc. dba St. Anthony's Wharf and receive and file other loan portfolio information.

Previous Directives:

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact: N/A

Ward: N/A

Neighborhood Notification: N/A

City Goals: The 2% Loan Program addresses the following City Goals

- Maintain the physical infrastructure to ensure a healthy, vital, and safe city by improving the interior and exterior of existing commercial buildings

- Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets by improving commercial buildings and helping to reduce financial costs for start-up ethnic and small businesses.
- Promote public community and private partnerships to address disparities and to support strong healthy families and communities by partnering with neighborhood financial institutions to leverage public dollars for business development and employment.

Comprehensive Plan: N/A

Zoning Code: All City Zoning regulations are followed.

Living Wage/Job Linkage: N/A

Other:

Background/Supporting Information: Following is a list of delinquent 2% loans and a summary of the portfolio as of 12/31/03:

<u>NAME OF BUSINESS</u>	<u>PARTIC BANK</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>PRINCIPAL BALANCE</u>	<u>DATE OF DEFAULT</u>
Ginko, Inc. dba St. Anthony's Wharf	Wells Fargo	\$10,500	\$7,287.96	12-2-02

Wells Fargo Bank has informed us that they have charged off their loan to St. Anthony's Wharf due to non-payment. The restaurant has gone out of business and the owner Richard Frederickson has filed bankruptcy. The bank determined it would cost more to store and liquidate the assets than the value of the assets. It was also determined not to pursue a lawsuit due to the attorney expenses. It is recommended that this loan be charged off.

PORTFOLIO SUMMARY

No other loans are having difficulty at this time. All loans are within a 0-90 day owing. The following is a breakdown of the entire portfolio, including the loan to be written off as a result of this report.

Total # of Loans to Date: 726	Total Loans Outstanding: 225
Total 2% \$ Loaned to Date: \$16,444,846	Total \$ Outstanding: \$6,049,457
Total # of Loans Defaulted: 24	Total \$ Amount on Watch List: -0-
Total \$ Amount Written Off: \$210,270	Total # of Loans Paid Off: 499
Default Rate: 1.3%	Total \$ Private Invest: \$37,960,650
\$2.30 of Private Investment for every \$1.00 of Public Funds – Not Counting Owner's Equity.	

