

UAACOG BOARD REPORT for the February 17 2010 Meeting

By Jeff Ollinger, Administrator

DEPARTMENT/PROGRAM: Upper Arkansas Area Development Corp (UAADC): small business loan program with “gap”, direct-micro and downtown façade improvements lending.

PURPOSE: Assist with job creation and leveraging private sector capital into small businesses in the 6-county service area: UAACOG 4-counties plus Park and Teller Counties.

GOALS: Current goals: improve loan activity and increase capitalization of program by applying for Forest Business Loan-EDA Grant funding, and originating CDBG loans.

<i>Number of Clients planned</i>	<i>Number of Clients served</i>
n/a	n/a

<i>Budget</i>	<i>YTD Spent</i>	<i>% of Funds Spent</i>	<i>% of Year expired</i>
453,661	249,533	55% 12/31/09	100%

Expected changes to budget? No.

HIGHLIGHTS: Two very promising larger CDBG loan prospects, one in Fremont and one in Lake Counties are administrator priorities as we begin 2010. Marketing to banks continues to give bankers an increased awareness of the CDBG funding available. CDBG lending will require primary lending from banks with gap financing from the CDBG Grant funds: a CDBG contract private sector leveraging requirement is 2 private sector to 1 CDBG dollar. Most banks are very wary of lending at this time with troubled assets on their books and limited liquidity. A newly designed and improved display ad has been running in area newspapers and chamber newsletters. The UAADC & E Zone ad will be more widely advertised in 2010 and UAACOG Board Members will see the ad in their local papers.

UPCOMING Events, Heads Up and FYI’s: You may see UAADC & E Zone advertising in your local paper. Look for: “FINANCING TO HELP BUSINESS SOAR TO NEW HEIGHTS” and “check out TAX CREDITS”: within a 2” X 6” ad space.

PROBLEM LOANS Status since the December Meeting:

#0266 – Chapter 7 Bankruptcy concluded and a court trustee appointed realtor is selling the property that the UAADC has a 2nd position deed of trust. Currently waiting for the sale and the prospect of loan recovery from the collateral position.

#0267 –As a construction related business this business saw its income reduce to near zero for several months. Two certified demand letters have been sent on this loan: receipt returned. The borrower has resumed making small payments and is communicating payment intentions as he has picked up some limited work.

#0701-Borrowers in Chapter 7. The borrower may be approached to payout the loan under the unconditional personal guarantee on this loan after Chapter 7 conclusion.. Also filing dividend claim with bankruptcy court.

#0269-This previously successful business has seen a major reduction in sales and is seeking an SBA ARC loan with a local bank to obtain working capital to cover payables including the UAADC loan payment. When the ARC loan comes through and/or sales pick up the borrower has promised to resume payments. Borrower waiting on ARC loan outcome. Loan note rewrite not practical at this time since cash flow is not predictable.

#0254-On payment track with Mom-cosigner assistance. Mom will not agree to rewrite as she claims diligence in being sure payments are made in her co-sign role.