



Legislation Details (With Text)

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File created: 11/2/2007 **In control:** Finance & Economic Development Committee

On agenda: 11/19/2007 **Final action:** 11/21/2007

Title: To authorize and direct the City Auditor to write off, as uncollectible, three unpaid loans due the City of Columbus, Department of Finance and Management and the Department of Development, which total one million six hundred and forty-five thousand, nine hundred and eighty-five and 85/100; and to declare an emergency. (\$1,645,985.85)

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
11/21/2007	1	CITY CLERK	Attest	
11/20/2007	1	MAYOR	Signed	
11/19/2007	1	Columbus City Council	Approved	Pass
11/19/2007	1	COUNCIL PRESIDENT PRO-TEM	Signed	
11/6/2007	1	Finance Drafter	Sent to Clerk's Office for Council	
11/5/2007	1	CITY ATTORNEY	Reviewed and Approved	
11/2/2007	1	Finance Drafter	Sent for Approval	
11/2/2007	1	FINANCE DIRECTOR	Reviewed and Approved	
11/2/2007	1	Finance Drafter	Sent for Approval	
11/2/2007	1	Auditor Reviewer	Reviewed and Approved	
11/2/2007	1	CITY AUDITOR	Reviewed and Approved	
11/2/2007	1	Finance Drafter	Sent for Approval	

The Department of Finance and Management has two uncollectible receivables, one each for Jacobson Stores and Singletary Company, Inc., and the Department of Development has one uncollectible receivable for Singletary Company, Inc. This ordinance seeks to write off these three uncollectible receivables.

Jacobson Stores: In 1986, the city entered into a Federal Urban Development Action Grant (UDAG) \$780,000 contract with Jacobson Stores. Payments to the city were made through 2001. In the spring of 2002 Jacobson Stores went into bankruptcy. The city eventually received \$294,829.67 through bankruptcy proceedings leaving an outstanding receivable of \$396,954.85. This delinquent loan amount needs to be written off as uncollectible; any debt to the City has been discharged by the Federal Bankruptcy Court and this loan is uncollectible.

Singletary Market: In the late 1970's and early 1980's, the City of Columbus was involved with an urban renewal project on the east side of Columbus to develop retail services, especially a full-service grocery store, to serve the immediate area. This project was known as the Mt. Vernon Plaza Urban Renewal Project and was authorized by Ordinance of Council 1173-1977.

The Neighborhood Development Corporation (NDC) leased land owned by the city and sublet it to the Singletary Company, Inc.

d.b.a. Singletary Plaza Mart (Singletary). Over the next few years, the City's Departments of Development and Finance and Management (formerly Office of Management and Budget) loaned federal Community Development Block Grant (CDBG) monies and UDAG monies to Singletary and to the project overall.

Unfortunately the project failed. All entities involved went bankrupt, and all buildings were foreclosed upon and sold at sheriff's sale. The City, however, is still carrying the outstanding loan amounts on our books as accounts receivable. These delinquent loan amounts need to be written off as uncollectible. It has been determined that the entities who were obligated to repay the amounts are defunct, and or bankrupt, and any debt to the City has been discharged by Federal Bankruptcy Court or is otherwise uncollectible.

It is requested that Council approve the write-off, as uncollectible, of two separate loan amounts. The amount remaining uncollected from the CDBG Loan is \$402,700.00. The amount remaining uncollected from the UDAG Loan is \$846,331.00.

Fiscal Impact: This legislation allows for the write off three loans as uncollectible in the amount of \$1,645,985.85.

To authorize and direct the City Auditor to write off, as uncollectible, three unpaid loans due the City of Columbus, Department of Finance and Management and the Department of Development, which total one million six hundred and forty-five thousand, nine hundred and eighty-five and 85/100; and to declare an emergency. (\$1,645,985.85)

WHEREAS, the departments of Finance and Management and Development entered into three loans on two separate projects in the 1980s to promote economic development, and

WHEREAS, through default on those loans, the project owners owe the city, collectively, \$1,645,985.85, and

WHEREAS, the City Attorney has advised both the Departments of Finance and Management and Development that these are uncollectible debts, and

WHEREAS, it is necessary to provide the City Auditor's Office with the authority to write off this debt as uncollectible, and

WHEREAS, an emergency exists in the usual daily operation of the Auditor's Office in that it is immediately necessary to write these loans off so that the amount of the City's receivables may be correctly reported; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the City Auditor be, and hereby is, authorized and directed to write off the collection of loans made to JS Stores, Inc (Jacobson Stores Inc.), AR900002/82, in the amount of Three Hundred Ninety-six Thousand, Nine Hundred and Fifty-four and 85/100 dollars (\$396,954.85), and two loans made to Singletary Company, Inc., AR900002/78, for Eight Hundred Forty-six Thousand, Three Hundred Thirty-one dollars (\$846,331.00), and AR900002/58 for Four Hundred and Two Thousand, Seven Hundred dollars (\$402,700.00), as being in the best interest of the City.

Section 2. That for the reason stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.