

FINANCE COMMITTEE

09-0223R

RESOLUTION AUTHORIZING THE WRITE OFF OF AN UNCOLLECTIBLE DEBT IN THE AMOUNT OF \$48,306, RELATING TO A FORGIVABLE LOAN WITH INVISION OF DULUTH, INC., D/B/A CONNECTING POINT.

CITY PROPOSAL:

BE IT RESOLVED, that the city council of the city of Duluth finds that efforts to collect a debt in the amount of \$48,306, relating to a forgivable loan with Invision of Duluth, Inc., d/b/a Connecting Point (Connection Point), have been unsuccessful and therefore deems the debt to be uncollectible.

FURTHER RESOLVED, that the city auditor is hereby authorized to write the debt of Connecting Point in the amount of \$48,306 off of the city's loan accounts.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

FIN/ATTY JMC:blj 4/2/2009

STATEMENT OF PURPOSE: In April 2002, the city entered into a development agreement with Connecting Point in connection with an expansion of the developer's business operations and relocation to the Technology Village. The city agreed to provide the developer with an unsecured forgivable loan in the amount of \$48,306 for necessary infrastructure improvements (electrical and mechanical) within the Technology Village. Connecting Point agreed to create ten new FTE jobs and execute a lease in the Technology Village for a term of not less than five years. Shortly after the company received the loan proceeds, it permanently closed its doors and the company's principal left town. Previous attempts by city staff to locate the principal proved to be unsuccessful, so in 2006 the city contracted with Range Credit Bureau, Inc., (RCB) to locate the principal and collect on the debt. RCB likewise has been unsuccessful in locating the principal. Staff recommends writing this debt off the city's loan accounts.