

MEMORANDUM



DATE: October 24, 2023
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director

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SUBJECT: JEDC COVID-19 Emergency Loan Program Update and Non-Responsive Borrowers

The purpose of this memo is to provide an informational update on the Juneau Economic Development Council (JEDC) COVID-19 Emergency Loan program as authorized by CBJ Resolution 2888.

Purpose

CBJ Resolution 2888 states: "The purpose of the loans administered by JEDC is to provide small businesses with working capital to bridge the time before federal or state monies are available. The absence of State or Federal assistance does not absolve the business owner for the responsibility to repay the loan."

The Assembly provided \$3.0million in loan capital which supplied much needed support during the unprecedented years of COVID. Given Juneau's strong business culture, it is not surprising that most of the small businesses have repaid their debts as expected. Overall, the recovery of loan funds continues to be better than anticipated at this program's inception. There were 173 loans originally approved, 148 have been paid in full accounting for \$2,738,000 of the original capital.

The program is in the loan servicing phase and JEDC continues their collection efforts, including sending invoices and following up with all borrowers via phone and email. All twenty-six (25) remaining loans are past their maturity dates, and five (5) of the borrowers are making regular, scheduled payments.

There are five (5) loans that CBJ will taking from JEDC for the purposes of collection efforts. These five borrowers have been unresponsive to JEDC's collection efforts. As of June 28, 2023, these five (5) loans account for \$98,462.77 in outstanding principle, compared to the total outstanding principle \$211,524.74 for the entire program, roughly 47%.

CBJ Finance, Law and JEDC agree that CBJ has more collection tools available at its disposal for this program than does JEDC. Law has refined a Memorandum of Understanding that will be used to relieve JEDC of these five (5) loans and allow CBJ to assume the loans directly and begin collection efforts.

It is important to emphasize the importance of this loan program and the positive impact it had for so many small businesses. That 3% have been unresponsive in repaying their debt and another 12% are slow paying should not diminish the good work that was accomplished through this program.