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United Gainesville Community Development Corporation

P.O. Box 2518
Gainesville, Florida 32602
(352) 376-8891
Fax (352) 376-3389
E-mail: agraham@ugcdc.org

Rosa B. Williams
Chairwoman

Appie L. Graham
Executive Director

August 29, 2000

Tim Vaughn, Interim Manager
Community Redevelopment Agency
P.O. Box 490
MS-48
City of Gainesville
Gainesville FL 32602

Dear Tim,

In May of this year Tidy Baby Day Care Center was closed by the State of Florida and lost it's revenue contract with the State. The business is shut down permanently. On January 31, 2000, two UGCDC Board members and I, met with you and Mr. Saunders, to request that the City consider a proposal to resolve the issue related to this loan.

The loan was made in 1990 with a term of 5 years. The loan defaulted and was restructured several times (refer to report submitted to you in February of this year. There is no prospect of collecting on this loan. The loan was secured by a third mortgage on the owner's resident. However, there is no equity in the resident. Last restructuring was based on them agreeing to have the loan repaid from their State contract through Childcare Resources. Since they have been shut down by the State of Florida, we will no longer receive payments from Childcare Resources (see attached letter). In light of the above situation, it is clear that this loan is permanently un-collectible. The loan is now again in default.

The DRA/UGCDC contract states that "in the event that a loan, made through this program (DRA), defaults and proceeds to foreclosure, the DRA agrees to pay any and all legal costs incurred by UGCDC. There are two issues, which need to be addressed with regards to this loan

- (1) Does the City wish for us to proceed with legal actions to collect considering the information regarding collateral and closing of the business. It is highly unlikely that we will be able to collect anything. However, we can proceed with foreclosure in an effort to obtain a final judgment with the City paying attorney fees. -
- (2) As of March 2000, we have collected \$13,459.07, which is to be submitted to DRA. We processed a check of \$12,109.07 and submitted it to you in January, but you requested that we hold it. That check has since been voided. I have processed a check in the amount of \$13,459.07, which is enclosed with this correspondence.

I am requesting that the City accept the proposal in our January request to have any outstanding amounts due to DRA from United Gainesville be written off and accept the collected payments of \$13,459.07.

Sincerely,

A handwritten signature in cursive script that reads "Appie L. Graham". The signature is written in black ink and is positioned to the right of the typed name.

Appie L. Graham
Executive Director



1731 NW 6th Street • Gainesville, Florida 32609 • Phone: (352) 334-1550 • Toll-free: (800) 962-2385 • Fax: (352) 334-1578

Resource & Referral – Phone: (352) 334-1576 • Toll-free: (800) 834-8111

Putnam County Satellite Office: 309 Main Street • Palatka, Florida 32177 • Phone: (904) 329-2575 • Toll-free: (800) 214-4543

Head Start – Levy, Gilchrist & Dixie Counties – Phone: (352) 493-6730 • Toll-free: (800) 303-7812 • Fax: (352) 493-6734

June 29, 2000

Ms. Appie Graham, Executive Director
United Gainesville CDC
P.O. Box 2518
Gainesville, FL 32602

Dear Ms. Graham:

This letter will certify that Ms. Mamie Washington is no longer doing business as Tidy Baby Child Care Center, and that Child Care Resources, Inc. no longer does business with her for child care services.

Sincerely,

Barbara A. Kelleher
Executive Director

RECEIVED
JUL 05 2000



United Gainesville Community Development Corporation

File Copy

P.O. Box 2518
Gainesville, Florida 32602
(352) 376-8891
Fax (352) 376-3389
E-mail: agraham@ugcdc.org

Rosa B. Williams
Chairwoman

Appie L. Graham
Executive Director

May 24, 2000

Ms Barbara A. Kelleher
Executive Director
Child Care Resources, Inc.
1731 NW 6 Street
Gainesville, FL 32604

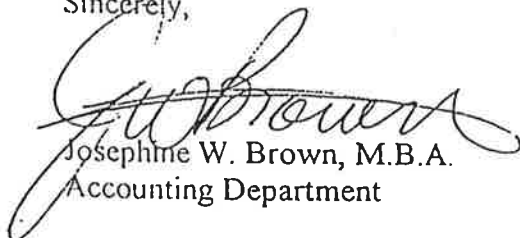
RE: Tidy Baby Infant World, Inc.

Dear Ms Kelleher:

Please forward correspondence to UGCDC stating that Child Care Resources will no longer issue payment to UGCDC on behalf of the above referenced Day Care. Please see attached letter.

Thank you for your prompt response to this request.

Sincerely,


Josephine W. Brown, M.B.A.
Accounting Department

c Ms. Mamie Washington
422 NW 3rd Avenue
Gainesville, FL 32601

DRA/TIDY BABY LOAN ANALYSIS

Under UGCDC loan program guidelines, loans are assigned (sold) to a bank, (in this case, Barnett Bank), along with any legal rights and collateral. The proceeds from the assignment are put up as additional collateral in the form of a CD. Typically the CD is set-up to mature annually. The payments of principal and interest on the loan are paid to the Bank. The interest on the CD (which pays a lower rate than the loan rate the borrower pays) is paid back to United Gainesville funding program (subsequently submitted to DRA). At the end of each year when the CD matures, the outstanding principal balance of the loan (which should be lower than the CD balance) is compared to the CD balance. The difference between the CD balance and the outstanding loan balance is then remitted to United Gainesville (in this case subsequently forwarded to DRA).

ISSUE: Non-Compliance with DRA contract requiring interest and principal payments from loan program to be submitted to DRA. Tidy Baby loan payments were not remitted to the City as required.

Current audit report shows that the amount currently due to DRA as of 6/30/99 is \$20,285. This outstanding amount is cumulative from 6/30/94 to 6/30/99. The non-current amount due DRA is an outstanding loan receivable from a loan made in 1990 to a citizen participating in the loan program. The receivable amount out-standing in the audit report is \$12,934.00

HISTORY

The contract was executed 6/14/90. In August 1991 the CD matured and was reduced by \$3,988.44, which was submitted to DRA. Due to continuous late payments and past due status, the loan was declared in default 12/31/91 by the bank. The remaining CD balance in the amount of \$20,761.56 was cashed in to pay the outstanding loan principal amount of \$19,348.58 and the remaining balance of \$1,410.58 was paid to the agency and subsequently submitted to DRA.

Finally in 1993 United Gainesville was able to get the borrower to agree to pay the outstanding principal of \$19,348.58 and back interest (1/92-6/93) of \$2,751,21. A new payment schedule for a principal amount of \$20,099.79 was established at the following terms:

Interest rate: 10% **Monthly payment:** \$450 **Term:** Five years

However, the borrower did not adhere to the payment terms. No loan payments were made in 1993, and only one payment in 1994. Continuing its efforts in collecting on this loan, United Gainesville was able to get the borrower agree to have payments from one of the borrower's State revenue contracts, paid directly to United Gainesville. Tidy Baby began making consistent payments, through Child Care Resources in June 1995.

In summary the loan has effectively been restructured to cover a ten-year period. The projected pay off date is November 2001. It has defaulted three times. In 1993 after non-payment the loan should have been written off, with continued efforts to collect. United Gainesville continued its responsibility of assuring that the loan was repaid and thus in effect became the loan servicer. Under the program guidelines the interest payments to the bank from the loan payments were not remitted back to DRA, they were kept by the bank as part of its compensation as the loan servicer.

The amount recorded in the 1999 audit is an accumulation of transactions over a seven-year period is incorrect. The correct outstanding principal amount at 6/30/99 is \$11,737.07.

Recommendation: Meet with City. Inform them that United Gainesville has collected over \$13,009.07, and that there is an outstanding principal balance of \$9,173.56, in addition to interest, to be paid. Request that the City accept:

- (a) The check for \$12,109.07 that it issued to the City on December 13, 1999.
- (b) Recent collections in the amount of \$900.00
- (c) The remaining loan balance as it is collected, will be remitted on a quarterly basis to the City.

If the above recommendation is accepted, the amounts received from the \$24,750 loan which United Gainesville will have remitted to the City would be as follows:

\$ 3,988.44	(Paid to City Aug 1991)
\$ 1,410.48	(Paid to City Jan 1993)
\$12,109.07	(Check issued in January 2000, per City, hold)
\$ 900.00	(Recent collections)
<u>\$ 9,992.95</u>	(Outstanding Principal & Interest to be paid quarterly beginning April 1,2000)
\$28,400.94	

The City will have regained its initial investment of \$24,750 and interest in the amount of \$3,650.94.



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Rosa B. Williams
Chairwoman

Appie L. Graham
Executive Director

February 7, 2000

Tim Vaughn, Interim Manager
Community Redevelopment Agency
P.O. Box 490
MS-48
City of Gainesville
Gainesville FL 32602


Dear Tim,

I'm sorry for the delay in getting the information regarding the Tidy Baby loan to you. I had several other deadlines to meet and wanted to review the background analysis before I sent it to you. I appreciate you and Tom taking the time to meet with us.

As we discussed, attached is the background analysis and loan amortization schedule (also shows payment history) for the Tidy Baby Loan.

If you have any questions, please call.

Sincere Regards,


Appie L. Graham
Executive Director

**Child Care
Resources, inc.**

Mailing Address: PO Box 14585, Gainesville, FL 32604 • Street Address: 1731 NW 6th Street, Gainesville

Phones: (904) 373-8426, (800) 962-2385 • Fax: (904) 371-3962 • Resource and Referral: (904) 375-8111

Putnam County Satellite Office: 613 St. Johns Avenue, Suite 208 • Palatka, FL 32177 • (904) 325-6938

SEP. 23 1995

September 22, 1995

Ms. Vian Guinyard, Executive Director
United Gainesville Community Development Corporation
505 NW Second Avenue
Gainesville, FL 32601

Dear Ms. Guinyard:

This letter will verify that Child Care Resources, Inc. will honor any agreement between your organization and Ms. Mamie Washington that involves our payment to you before issuance of payment to Ms. Washington for reimbursement of child care services. We will require that an agreement be signed by Ms. Washington as well as your agency representative, stating the monthly amount and length of time this arrangement is to be in effect.

Signed,



Barbara A. Kellcher
Executive Director

cc: Ms. Washington



Member of the Florida Children's Forum



