



MEMORANDUM

AGENDA ITEM #IV.H

DATE: JANUARY 28, 2019

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: RATIFICATION OF RLF CHARGE OFF ACCOUNTS – OPTEX CORP. AND SUPER KIDS CHRISTIAN DAYCARE

The RLF board is requesting ratification by the Council Board for two charge offs in the amounts of \$53,316.12 for Optex Corp. and \$74,500.58 for Super Kids Christian Daycare. Loans deemed uncollectable by legal counsel and the RLF board are charged off accordingly.

In 2015, Optex Corp, a retail eyewear establishment, declared bankruptcy by its principal Manuel Perez. Legal counsel was engaged at that time to act on behalf of the RLF board. Given the bankruptcy and outstanding principal balance of \$53,316.12, this loan was written off on 10/15/18. Separately, Super Kids Christian Daycare, a preschool owned and operated by Marie Aurubin, declared an operating hardship in 2017. Legal counsel was engaged at that time and a settlement was reached reflecting a principal balance write off of \$74,500.58.

As the RLF program continues to reduce its historical non-performing loans and further strengthen the credit quality of its borrowers, we anticipate a further reduction in future charge offs.

Recommendation

Ratify charge offs in the amounts of \$53,316.12 for Optex Corp and \$74,500.58 for Super Kids Christian Daycare.

