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May 26, 2016

Mr. Ross Black
Director
Community Development Department
City of Peoria
Peoria City Hall
419 Fulton Street, Suite 300
Peoria, Illinois
61602

Subject: EBNHS Health & Safety Loan Program and Ross Black Letter of May 2, 2016

This is in response to your letter dated May 2, 2016 addressed to and received by Ms. Kristina Gamez, our Executive Director by email, and follow up emails and meetings with Councilman Tim Riggerbach.

We agree with the summary that Mr. Tim Riggerbach presented in his May 16, 2016 email. Specifically EBNHS did not match the Health & Safety Loan Program match of \$10,109.80 in 2015. Additionally \$15,000 in H & S Loan funds were used for operations in 2015. There were also \$4,337.57 of EBNHS dollars that were unexpectedly needed to be used for Community Core purposes. Therefore, in summary: $\$10,109.80 + \$15,000 - \$4,337.57 = \$20,772.23$ needing to be repaid by EBNHS to the EBNHS H&S Loan Fund.

At no time was the intention of East Bluff Neighborhood Housing Services to defraud the City Of Peoria or Peoria citizens or use SSD funds other than in direct services of the East Bluff Special Service Area. The Board would also like to note the EBNHS Health & Safety loan program was never in jeopardy or new loans not issued.

I am aware that you spoke on the telephone to Kristina about potentially redirecting SSD funds directly into to the H&S Loan fund account quarterly. We believe this would be a big problem for EBNHS as our current operating budget (for operations alone) is \$50,000/year, and EBNHS only received \$50,180.86 from City of Peoria SSD funds in 2015. To put that in perspective only \$180.86 in budget surplus would be available for repayment to the H&S Loan Fund as summarized below:

2015 CoP - EBNHS SSD Payments

1Q - 2015 COP SSD	12,905.40
2Q - 2015 COP SSD	12,905.40
3Q - 2015 COP SSD	12,905.40
4Q - 2015 COP SSD	11,392.66
2015 Year CoP SSD Total	50,108.86
H&S Loan Contribution	10,108.86
Net EBNHS Operating Funds	40,000.00

Surplus Funds Calculation

2016 Year CoP SSD Budget Total	50,180.86
2016 EBNHS Operating Budget	50,000.00
Estimated 2016 Total Year Surplus	180.86

In summary reducing our operating funds from the SSD quarterly disbursements will recreate the problems that EBNHS experienced in 2015 and necessitated our loan from the H&S Loan fund.

We have put our heads together and looked at all of our operations. Our two opportunities for additional guaranteed revenue sources are the EBNHS rental properties on Illinois and the apartment in EBNHS house in Nebraska. The lease is up on our house on Illinois in July 2016 and we plan to raise the rent to a market rate rental starting in August, 2016 as follows:

EBNHS Illinois Property Proposed Rental Rate Increase

EBNHS Illinois Property			
	from 8.1.2016	to 7/31/2016	Increase
Mo. Rent	850	625	225
Months	12	12	12
Annual	10,200	7,500	2,700
Net Increase in EBNHS Revenue (Estimated)			2,700

Further the lease is up on our EBNHS apartment on Nebraska in July 2017 and this is an EBNHS opportunity to charge market rate rental starting in August, 2017 as follows:

EBNHS Nebraska Property Current Rental Rate Situation

EBNHS Nebraska Property		
Current		
\$35,000 CoP Improvements amortized over 48 months/4 years		
Term	From	To
Dates	8.1.2013	7.31.2017
Mo. Rent	729	729
Months	12	12
Annual	8,750	8,750

EBNHS Nebraska Property Proposed Rental Rate Change

EBNHS Nebraska Property		
Renewal		
Term	From	To
Dates	8.1.2017	7.31.2021
Mo. Rent	850	850
Months	12	12
Annual	10,200	10,200

Based on recent developments, we get the feeling that the City of Peoria wants a guaranteed revenue stream to repay the H&S loan funds. Although we have received some grants and funding, nothing has been secured on an ongoing guaranteed basis. While the objectives for EBNHS to achieve independent operational fund sources were laudable, grants and separate funding sources have proved to be more difficult to obtain on a continuing guaranteed basis. At current we have no additional guaranteed additional revenue other than our rental properties. However we are making progress and are confident in our ability to secure more money in the future to meet our operational funding requirements. Several initiatives that EBNHS has been cultivating with partners such as LISC are going much slower than planned or anticipated. All these factors contributed to reducing our cash on hand and operating funds to below necessary levels, culminated in our operating cash crisis in 2015. This is also why we asked for and it was agreed that no new monies would be required to contribute by the City of Peoria or EBNHS to the Health and Safety Loan Fund starting in 2016.

Therefore we propose one of two alternatives. Option 1 just assumes the additional revenue from the Illinois property and takes 7 years to repay as follows:

Option 1 - EBNHS H&S Loan Fund Repayment Plan - May 2016							
EBNHS Loan Owing to EBNHS H&S Loan Fund as of 5 6 2016							20,770.35
Plan Year	Calendar Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year Total	Balance Owing
Baseline	2015						20,770.35
1	2016			540.00	540.00	1,080.00	19,690.35
2	2017	540.00	540.00	607.50	607.50	2,295.00	17,395.35
3	2018	607.50	607.50	675.00	675.00	2,565.00	14,830.35
4	2019	675.00	675.00	742.50	742.50	2,835.00	11,995.35
5	2020	742.50	742.50	810.00	810.00	3,105.00	8,890.35
6	2021	810.00	810.00	877.50	877.50	3,375.00	5,515.35
7	2022	877.50	877.50	940.09	940.09	3,635.18	1,880.18
8	2023	940.09	940.09			1,880.18	0.00

Option 2 assume the additional revenue from the Illinois property and the Nebraska apartment as follows:

Option 1 - EBNHS H&S Loan Fund Repayment Plan - May 2016							
EBNHS Loan Owing to EBNHS H&S Loan Fund as of 5 6 2016							20,770.35
Plan Year	Calendar Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year Total	Balance Owing
Baseline	2015						20,770.35
1	2016			540.00	540.00	1,080.00	19,690.35
2	2017	540.00	540.00	675.00	675.00	2,430.00	17,260.35
3	2018	675.00	675.00	1,537.50	1,537.50	4,425.00	12,835.35
4	2019	1,537.50	1,537.50	2,440.09	2,440.09	7,955.18	4,880.18
5	2019	2,440.09	2,440.09			4,880.18	0.00

At this time these are the projected revenue streams for EBNHS. Additionally, we have received a large donation that would allow us to make an immediate repayment of \$10,000.00 and still leave a little reserve for the organization. We believe one of these options should satisfy your interest in this matter. Further we are confident that no further loans to EBNHS out of our Health and Safety Loan Fund will be required in the future. Please review these options and advise accordingly.

We propose changes to the current Report E that is submitted quarterly to include the loan fund balance and loan repayment columns for greater oversight by city staff. We hope this will be satisfactory. Should you have any questions or require further information do not hesitate to contact me at my email address of: lfisher@bgcpeoria.org.

Regards,



Lisa Fisher, President
East Bluff Neighborhood Housing Services

Copy: Tim Riggenbach, Third District Councilman
Shannon Techie, City of Peoria
Donald Leist, City of Peoria
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