



City of Lawrence

THOMAS M. MARKUS
CITY MANAGER

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CITY COMMISSION

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John Tacha, Jr., President
Board of Directors
Lawrence Community Shelter
3655 E. 25th Street
Lawrence, Ks 66046

Dear Mr. Tacha:

This letter is to summarize our meeting in response to your attached email concerning the \$725,000 loan with a current balance of approximately \$462,000 made by the City to the Lawrence Community Shelter (LCS).

According to the agreement between the City of Lawrence and LCS, dated December 3, 2013, the Shelter is to make 180 equal monthly payments of \$1,848 each, from January 10, 2014 until December 10, 2028, at which time the entire unpaid balance of principal and interest on the original principal loan shall be paid in a lump sum (balloon payment) to the City. The amount of the balloon payment is currently estimated to be \$287,211.

As discussed, LCS has been making their monthly payments. However, in the eleven remaining years of the agreement, there is little likelihood that LCS will be in a financial condition to make the lump sum payment of \$287,211 in 2028.

Rather than forgive the monthly payments and/or lump sum payment as requested, I am willing to recommend the City Commission forgive 1/11 of the estimated 2028 balloon payment at the end of this year as an amendment to the 2013 agreement. I further will recommend that LCS should make this request to the City Commission annually. If approved for the next 11 years, and the LCS continues to make its required \$1,848 monthly payments, the amount of the balloon payment will be extinguished by 12/10/2028.

This request will be separate and distinct from any annual request for social service funding made by LCS.

Sincerely,

Thomas M. Markus
City Manager

Attachments



CC: Mayor and City Commission
Diane Stoddard, Assistant City Manager
Casey Toomay, Assistant City Manager
Brandon McGuire, Assistant to the City Manager
Bryan Kidney, Finance Director

From: John Tacha <jrtacha@gmail.com>
Date: February 15, 2017 at 10:41:02 AM EST
To: tmarkus@lawrencecks.org
Subject: Lawrence Community Shelter

Tom,

My name is John Tacha and I am the current president of the board of the Lawrence Community Shelter. We met once in a session going over the city's audit of the shelter. I know you are very busy, so I will keep this short as this is basically just me spit-balling an idea in my last couple months "in office" and it will, if successful at all, require further discussions with you as well as the city commission.

My proposal is that the city forgives the rest of the loan on our building.

We currently owe the city \$461,308.74 which means that we have paid about 3.4 million dollars toward the building purely through private donations, grants we pursued, etc. While the loan from the city was essential in helping us to close the deal, it was still a loan and our note is on a 30 year amortization that will come due in 2031, at which time we will still owe about \$260,000, which is not an amount, no matter what the climate, we will be able produce.

Our payments to the city each month are less than \$2000 and while that amount would personally change my lifestyle, it is a drop in a pool as reflected in the city's bottom line or even compared to the "grant" that the city ok'd for another shelter in town.

Finally, I don't need to tell you how much holding the title to our building would do for us financially and for that matter spiritually.

I truly hope this is a subject we can discuss this further in the near future.

Feel free to reply here or you are welcome to contact me at my office at 843-9197 or on my phone which is 331-8867.

Thank you for your time,

John