Commercial/Industrial Revolving Loan Fund Meeting Agenda
February 17, 2025 - 10:00 AM
City Council Chambers, City Hall, 3rd Floor,
1528 Third Avenue, Rock Island, IL

1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **Opening Items**
   a. Approval of the Meeting Minutes for January 14, 2025
5. **Old Business**
6. **Other Business/New Business**
   a. Report on a Loan Request from Small Hands Big Hearts Early Learning Center
   b. Presentation on Economic Development Strategic Plan
7. **Adjourn**

This agenda may be obtained in accessible formats by qualified persons with a disability by making appropriate arrangements from 8:00 am to 5:00 pm, Monday through Friday, by contacting the City Clerk's Office at (309) 732-2010 or visiting in person at: 1528 Third Avenue, Rock Island, IL 61201.

Memorandum

To: Rock Island Commercial/Industrial Revolving Loan Fund

From: Thomas Flaherty, Assistant to the City Manager, Miles Brainard, Director, Jessica Sager, Finance Director

Subject: Report on a Loan Request from Small Hands Big Hearts Early Learning Center

Date: February 17, 2025

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Introduction and Background Information:

Small Hands Big Hearts is an Early Learning Center owned and operated by LaTonya Terrell. Ms. Terrell has been a licensed child care provider through the State of Illinois for over 25 years. Ms. Terrell has applied for assistance from the CIRLF fund to complete an expansion project at 2821 5th Street. Through this expansion project Small Hands Big Hearts will double the number of children that can be cared for and the number of employees of the business.

In 2019 Ms. Terrell purchased the former Mrs. T's daycare building at 1113 31st Avenue in order to move from a home-based provider to a center and increase the amount of families she could serve. Since that time Ms. Terrell has filled the center to capacity while maintaining a low turnover rate and a steady waitlist. Ms. Terrell has been accepted into the State's Early Head Start program which allows her to offer additional support to eligible families. Small Hands Big Hearts currently serves 43 children and employs 10 staff members. With a move to a larger facility, Small Hands Big Hearts will be able to serve 90 children and will employ 19 staff members. The larger facility also allows for additional play space both indoors and out.

To date, Ms. Terrell has invested over $150,000 of her own into the project which is estimated in total to cost approximately $630,000. Ms. Terrell has purchased the building and made improvements necessary to secure the building envelope and keep building systems operations. Funding from the CIRLF program will be used to make necessary facility improvements to prepare the classrooms, replace aging equipment, and add a commercial kitchen to the facility to serve the daycare clients. There is a large space in the building that will remain vacant in the short term. This space is planned to be used for community outreach and as a gathering space.

Programmatic Underwriting:

The Small Hands Big Hearts project will create 9 jobs within 24 months of the loan. These employees are offered a benefit package that allows for paid time off, an IRA match of 3%, and health insurance. Staff recommends the jobs be credited at $20,000 each which brings the total allowable loan amount to $180,000. Staff recommends the maximum loan amount set by the committee of $150,000.

The majority of families served by Small Hands Big Hearts qualify for state assistance for childcare. These families are within the target population for the use of CDBG funding. The facility that Ms. Terrell purchased for the expansion of her business, 2821 5th Street, is located within a distressed census tract as designated by the federal government and will qualify as a business located in a distressed area.

The CIRLF loan will be used to purchase and install equipment and complete rehabilitation of the property so that children can be cared for in the building. Equipment purchase and construction are both eligible uses of CIRLF funding.

Financial Underwriting:

Ms. Terrell owns the property at 2825 5th Street outright. Ms. Terrell offers the property and a personal guarantee as collateral. An appraisal completed on December 23rd, 2024 gave the property an “as completed” value of $1,380,000. The underwriting analysis shows the current total value of the real estate as $160,000.

Ascentra Credit Union is Ms. Terrell’s financial institution and they completed a 3rd party underwriting analysis on this loan. The underwriting analysis shows the current global debt service coverage ratio as 1.95. CIRLF policies allow an acceptable debt service of 1.1-1.5. The Small Hands Big Hearts loan exceeds this acceptable debt service standard. The underwriting analysis shows a current combined loan to value ratio of 67%. CIRLF policies require a loan to value ratio of 50-75% for machinery and equipment. The Small Hands Big Hearts loan falls within this ratio.

Since Ms. Terell is the sole owner of the business, a personal guarantee is required of her based on CIRLF guidelines.

Previous Council Action (if any):

NA

Budget Impact:

NA

Additional Information as applicable (i.e. provide alternative options, community or staff input, staffing impact; resident impact; etc.):

NA

Council Goal (if applicable):

NA

Recommendation:

The Economic Development Department recommends that the CIRLF Committee approve a loan to Small Hands Big Hearts in the amount of $150,000 at 4% interest for a period of 10 years. The loan should be paid out in a lump sum upon the execution of loan documents and paid back to the CIRLF fund in monthly installments.

Submitted by: Miles Brainard, Director

Approved by:

Memorandum

To: Rock Island Commercial/Industrial Revolving Loan Fund

From: Thomas Flaherty, Assistant to the City Manager

Subject: Presentation on Economic Development Strategic Plan

Date: February 17, 2025

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ILLINOIS

Introduction and Background Information:

The City has recently hired consultants TPMA to create a strategic economic development plan. The plan is intended to establish an economic development vision for the City, lay out the best organization structure for staff and partners, as well as create a list of strategic action items. TPMA is in a data collection phase of this project and interviewing various stakeholders. Staff have asked them to speak with the CIRLF Committee about the plan. The Committee is encouraged to provide feedback to TPMA on the community's economic condition.

Previous Council Action (if any):

NA

Budget Impact:

NA

Additional Information as applicable (i.e. provide alternative options, community or staff input, staffing impact; resident impact; etc.):

NA

Council Goal (if applicable):

NA

Recommendation:

NA

Submitted by: Miles Brainard, Director

Approved by: