

SMITHFIELD CITY REDEVELOPMENT AGENCY

OCTOBER 12, 2016

The Smithfield City Redevelopment Agency Board met for their regular monthly board meeting at 96 South Main, Smithfield, Utah on Wednesday, October 12, 2016. Chairman Darrell G. Simmons was in the chair.

The following board members were in attendance: Deon Hunsaker, Barbara Kent, Kris Monson, Jeff Barnes and Curtis Wall.

Executive Director Craig Giles, Police Chief Travis Allen and Secretary Justin Lewis were also in attendance.

The meeting opened at 8:03 P.M.

APPROVAL OF THE RDA MEETING MINUTES FROM AUGUST 24, 2016

A motion to approve the August 24, 2016 RDA meeting minutes was made by Barbara, seconded by Jeff and the vote was unanimous.

Yes Vote: Hunsaker, Kent, Monson, Barnes, Wall

No Vote: None

PUBLIC HEARING ON A LOAN REQUEST BY DOODLEBUG ACADEMY, LLC FOR CONSTRUCTION OF A CHILDCARE CENTER LOCATED AT APPROXIMATELY 60 EAST 800 SOUTH.

Mike and Amy James would like to start a childcare facility in Smithfield City. Currently, there are not any licensed childcare facilities north of Home Depot in Logan. There is a large need for this type of service in the north end of Cache Valley. Brent Lawyer is working with Mike and Amy as a partner on the project. A new facility would be constructed that would allow up to 216 children to participate at one time.

Chairman Simmons asked the difference between childcare and daycare? Mike said they are very similar but childcare is heavily regulated by the State of Utah.

****The public hearing opened at 8:06 P.M.****

There was not any resident input.

****The public hearing closed at 8:07 P.M.****

DISCUSSION AND POSSIBLE VOTE ON THE LOAN REQUEST BY DOODLEBUG ACADEMY, LLC.

Chairman Simmons informed the board a request was being made for a loan from the RDA and Brent Lawyer would explain where they are at in the process with the bank and what they are requesting from the RDA.

Brent stated they had applied for an SBA loan to finance the majority of the project. Their equity contribution would be the building lot. Their request to the RDA board was a loan in the amount of \$295,000. The bank and SBA will have certain restrictions that will determine what is or is not allowed.

Chairman Simmons asked Brent to explain what an SBA loan is. Brent stated the SBA is a federal program that guarantees a certain percentage of the loan to the bank if the loan goes into default.

Brent requested the loan from the RDA not have any payments for the first two years so the business could get up and running and stabilize.

Chairman Simmons mentioned the SBA would help the bank if the loan went into default but would not help the RDA if the loan goes into default. Brent mentioned the RDA would be in second position behind the bank on the collateral for the loan. Chairman Simmons concurred and stated that is the case on a current loan to Rigo Chaparro. Justin stated this is standard practice as a bank will always be in the first position on any loan they do.

Chairman Simmons stated it would be hard for the RDA to defer payments for the first two years with how the RDA is setup as it expires on December 31, 2018. The RDA cannot wait two years to start to recoup the funding. Brent stated he did not think that should be a major problem as the pro forma information they had done showed financial obligations could be made if the building was at 1/3 capacity. The new childcare facility by Home Depot filled up in under two weeks. Chairman Simmons stated this is a new request to defer payments for two years and most likely the best the RDA could offer would be 60 or 90 days after completion of the loan. Delaying payment for two years with no guarantee would not be possible. Brent stated he would inform the SBA and bank that it would not be possible.

The construction of the building would take nine months.

Chairman Simmons asked if the loan would be funded at the beginning or end of the project? Justin stated the loan from the RDA would not happen until the building is completed and ready to occupy.

Barbara asked what interest rate the loan would be set at? Chairman Simmons stated that item needs to be negotiated between the two parties. Brent mentioned he hoped the interest rate would be the same as the bank loan which is approximately 5%.

Barbara mentioned there are not any licensed facilities in the city and they are needed.

Kris asked how many people would be employed at the new business? Amy Jones stated approximately 38 part-time and full-time.

Barbara asked what age groups would be able to go to the facility? Mike Jones stated from six months old to twelve years old. The facility would be open from 5:30 A.M. to 6:30 P.M. Amy mentioned they might be open on weekends, as well, depending on the demand.

Barbara asked if the building would be one story? Mike replied the building would be two-story and 18,000 square feet. Approximately 12,000 square feet would be used for the childcare facility. The remainder of the building could be used for other businesses or for future business expansion.

Barbara mentioned there is a need in the city for this type of business. Mike mentioned the Logan facility is at capacity and one in Nibley has limited capacity. There is not another facility with openings for 12 miles from Smithfield.

Chairman Simmons mentioned if the loan is approved it would be done with the assistance of the auditing firm of the city and an amortization schedule would be provided by them as well.

Justin asked when the project would be completed? Brent stated the goal was to be open by the start of school next year.

Curtis asked if this facility would compete against the local Head Start program? Mike said at first it would not but down the road they might consider adding similar programs.

Curtis asked how the building would be constructed. Brent stated it would be a steel frame with a stucco and rock exterior. The front of the building would have a retail store look.

Curtis mentioned 216 students and 38 employees would require extensive parking. Brent stated the parking lot would have around 48 parking stalls. Mike stated there would only be about 20 vehicles onsite at all times.

Chairman Simmons mentioned a business like this would be very attractive for another new business to locate by.

Mike mentioned the building would be secure and locked at all times. The entire facility would be under video surveillance. Amy stated parents would even be able to watch the activities without their children knowing they were there.

Chairman Simmons asked when they hoped to start the project? Brent replied they hoped to break ground in January.

Chairman Simmons asked Brent, Mike and Amy if the board could have time to research the request and then reconvene on the subject at the November 9th board meeting.

Curtis asked if the department of health was required to do inspections? Mike stated they are and they will do two scheduled visits per year and two or three unannounced visits per year.

Curtis asked if state funding would be accepted? Mike stated state funding would be accepted but he was not sure what percentage that would be of the entire number of children in the program.

Curtis asked if the facility would have a kitchen? Amy stated it would.

Curtis stated the business plan which was provided was detailed and well thought out.

Chairman Simmons mentioned this business could be the most highly regulated and monitored business in the city between the health department, State of Utah and others.

Chairman Simmons asked Chief Allen his perspective on adding a business like this in town. Chief Allen stated the business plan is good. Historically these types of facilities are known to have many reports of child abuse. After the case is investigated the vast majority of the time the child abuse is not from the childcare facility.

Chairman Simmons asked Chief Allen if he had any traffic concerns? Chief Allen stated the facility will be secure but children find a way to get loose and this business is close to a highway. There is a risk with any business of having this occur not just this specific business. Mike stated the building will use thumb prints to unlock the doors and all of the interior doors are always locked as well.

Chief Allen stated about 90% of the abuse cases reported at a childcare facility are not from activities or problems at the childcare facility. They have happened outside of the facility in another capacity. The video cameras will do nothing but help with these type of reported cases.

Chairman Simmons thanked Brent, Mike and Amy for their time and mentioned the discussion will continue at the November 9th board meeting.

BOARD MEMBER REPORTS

Chairman Simmons informed the board Bruce Leishman had missed the UDOT (Utah Department of Transportation) deadline to tie in the utilities for the proposed Old Grist Mill building at 84 South Main and would now have to wait until 2017.

****A motion to adjourn at 8:36 P.M. was made by Barbara.****

**SMITHFIELD CITY CENTRAL BUSINESS
DISTRICT REDEVELOPMENT AGENCY**

Darrell G. Simmons, Chairman

ATTEST:

Justin B. Lewis, Secretary

**SMITHFIELD CITY REDEVELOPMENT AGENCY
96 South Main
Smithfield, Utah 84335**

AGENDA

Public Notice is given that the Smithfield City Redevelopment Agency Board will meet in a regularly scheduled meeting at 96 South Main, Smithfield, Utah on Wednesday, **October 12, 2016**. The meeting will begin no sooner than 7:00 P.M.

1. Approval of the RDA meeting minutes from August 24, 2016.
2. Public Hearing on a loan request by Doodlebug Academy, LLC for construction of a Childcare Center located at approximately 60 East 800 South.
3. Discussion and possible vote on the loan request by Doodlebug Academy, LLC.
4. Board Member reports.

Adjournment

Items on the agenda may be considered earlier than shown on the agenda.

In accordance with the Americans with Disabilities Act, individuals needed special accommodation for this meeting should contact the City Recorder at (435) 792-7990, at least (3) days before the date of this meeting.