



SEMI-ANNUAL PUBLIC REVIEW
LOCAL OPTION MUNICIPAL SALES TAX (LB840)
February 10, 2021 Published Meeting
Holdrege City Hall Meeting Room - 8:00 a.m.

This report documents the functioning and progress of Holdrege's economic development program, which is administered by Phelps County Development Corporation for the six months from July 1 - December 31, 2020. Compiled by PCDC, the report is presented to The Citizen's Advisory Review Committee at the published meeting. Subsequently, the Citizens' Advisory Committee reports its findings and suggestions concerning the program to the Holdrege City Council.

LB840 PROGRAM OVERVIEW

Since July 2002 the Phelps County Development Corporation (PCDC) has served as the Economic Development Program Administrator for the City of Holdrege. The plan was renewed and approved by voters in 2015. This report serves as a summary of PCDC's economic development activities:

ACTIVITY SUMMARY

Despite the challenges of COVID-19, Phelps County prospered in the last half of 2020. Some area businesses finished the year with record sales (those in construction and some manufacturing), while others have been able to rebound to a somewhat normal year of sales despite the pandemic. Retail sales receipts for Phelps County through October 2020 were slightly higher compared to 2019. Phelps County and Holdrege experienced positive revenue growth in six of the first ten months of the year prior to the holiday shopping season.

Our market is benefiting from recent expansions and hiring activity at BD and Briggs & Stratton. Again, the Holdrege BD location has been selected for major investment, this time to manufacture hundreds of millions of COVID vaccination syringes that will serve the global market. Most of the U.S. government's **\$70 million** partnership with BD is being invested into the Holdrege plant; consequently, BD is expected to hire an **additional 45 employees** to meet the demand. **Briggs & Stratton completed an \$8 million expansion** this year and after a corporate reorganization the company, now in a stronger financial position, was hiring at the end of the year. As markets continue to recover, sales of the Allmand products have rebounded and the outlook of management is optimistic.

Additional developments will result in the increase of workforce housing; a new owner has purchased and has begun remodeling the Hotel Dale, and construction began at CREW subdivision. The **34 renovated Dale Apartments** will be fully furnished and target an under-served market. New housing at CREW will provide more than 40 rental and/or owner-occupied living units once complete. Infrastructure valued at **\$850,000 is now complete at CREW**. Construction on 20 new duplex rentals is nearing completion (many units are now occupied) and foundations have been poured on six new townhouses that are projected to be completed in the spring. Development underway or completed in **CREW Subdivision** is **valued at more than \$4 million in 2020**.

In November PCDC requested and secured a commitment from the City of Holdrege to partner on a grant submission to EDA that will fund infrastructure construction intended to connect Iron Horse Business & Industry Park to the city system. The **\$3.8 million project** will improve the marketability of this important industrial asset utilizing mainly federal funds. Driving the immediate need for infrastructure is **Project Clean Sweep**, a major recruiting endeavor led by PCDC since April. With **Phase 1 valued at \$45 million and employing 73 high-paying positions**, this project further cements Holdrege as a manufacturing center, with an emphasis on medical devices. The company manufactures PPE classified medical products that have previously been produced overseas. In December, PCDC was notified that its application had been advanced by EDA to the next level of consideration and is likely to be funded in the early spring of 2021. More details regarding Project Clean Sweep will be announced once all funding elements have been completed over the next few weeks.

Other highlights from the last six months of 2020 included:

- The new **Cobblestone Inn & Suites** officially opened in July. PCDC helped launch this \$4.25 million project by initially conducting a hotel study and then identifying a developer and investors.
- PCDC's **GO! HOME Down Payment Assistance** program helped **relocate 31 people to the county** in 2020 bringing the four-year total to 124. Other GO! HOME programs combined to add 75 more new residents. Since the program started four years ago, the program has boosted the **population by 199 people**.

SIGNIFICANT TRANSACTIONS OVERVIEW

RECEIPTS	Jan-June	July-Dec	TOTAL	EXPENSES & INVESTMENTS	Jan-June	July-Dec	TOTAL	NOTES
PCCF Scholarship Match	\$10,000	\$0	\$10,000	Administrative Transfers	\$68,208	\$0	\$68,208	
City Sales Tax Receipts	\$260,450	\$344,639	\$605,089	Retail Strategies Contract	\$35,000	\$40,000	\$75,000	
Proceeds: Logan St House		\$11,289	\$11,289	Iron Horse Loan Payment	\$82,892	\$0	\$82,892	Regular Pmt: Principal + Interest
				Iron Horse Property Taxes	\$9,545	\$0	\$9,545	
				GO! Program Distributions	\$143,472	\$129,061	\$272,533	Economic Recovery Grants HDJ Scholarships Down Pmt, FIG/Ext Remediation
				Ballfield Complex		\$75,000		

In addition to the impressive list of accomplishments listed above, PCDC has also been working on the following projects during the second half of 2020:

STRATEGIC PLANNING

- Started initial planning for **Prosperity Project 3, The Campaign To Grow 37**, which would continue important funding for the work of PCDC in addition to local LB840 funds. Private investment supports administrative operations and provides a vehicle to engage with more than 110 companies or individuals to support the development activities of PCDC. The upcoming campaign will feature a distinctly local emphasis.

TARGETED RECRUITMENT

- Coordinated **retail recruitment** activities with Noddle Companies, owner of the vacated Shopko building. Noddle has demonstrated restraint in modifying the building for multiple tenants in favor of securing a long-term large single occupant, a process that is taking more time.
- Continued a partnership with Retail Strategies, **a nationwide statistics and marketing firm**, to support local retailers to capture sales revenues now leaking to neighboring markets and to recruit new retailers and restaurants to the county. Several potential new national retailers are now considering the market.
- PCDC is consulting with **several retailers** currently seeking locations for expanding their businesses in Phelps County. Compatible existing locations have not proven satisfactory to date. One **regional retailer** is seeking an 8,000 sf+ building.
- Commenced discussions with **OmniTrax and a local company** to explore a trans-load facility at Iron Horse Industrial Park.
- Started discussions with a local investor who may be interested in **establishing a travel center** near Holdrege. Retail Strategies provided market research and introductions to potential national brand partners.

BUSINESS RETENTION & EXPANSION

- Awarded a gap-financing loan to **Holdrege Equipment to support a \$500,000** expansion and renovation project. The company will add two employees and renovate existing buildings to improve its production capacity.

- Assisted **Hawkins Manufacturing** in connecting with a California-based company to accomplish contract manufacturing of new product lines, and to explore other contract manufacturing opportunities
- Conducted 25 Business Intelligence Interviews with area businesses
- Awarded **GO! DREAM façade improvement grants** to five Phelps County businesses:
 - Wagner Irrigation
 - RuralMED's new downtown headquarters
 - Country Boy Auto Repair building in Funk
 - Cozy Inn Café to update its exterior
 - KUVR
- Provided 12 bidding opportunities to local contractors through the **Builder's Bureau**. The list of members is also now listed on the PCDC website and was published on social media.
- Hosted representatives from **Retail Strategies** on a visit to Phelps County in November. Associates helped PCDC staff create a refined proposal to help recruit a major national retailer to the area.
- Assisted the business owner in securing TIF financing to **build a new Golden Harvest Seed distribution center** on an empty lot in west Holdrege.
- Assisted the new owners of the **Hotel Dale** to locate local sub-contractors to remodel the historic building. The new Dale Residences will provide 34 minimalistic living units to help fill the demand for workforce housing.
- Assisted several **local business owners** interested in expansion with the site selection and financing processes.
- Worked with an area developer on plans to **develop the lot north of the Cobblestone Inn & Suites** in Washington Square. Two retail bays of phase 1 development have been committed; the developer is seeking additional commitments to move forward with phase 2.

COMMUNITY PREPAREDNESS & QUALITY OF LIFE

- Continued to meet with the **Holdrege Public Library** board to identify solutions for the possible construction of a new library.
- GO! Home Initiatives (second half of 2020):
 - Provided 14 Down Payment Assistance grants resulting in **31 new residents** and **\$1.2 million in home sales**.
 - Provided 1 residential exterior improvement grant resulting in **1 new resident** and **\$12,050 worth of improvements**.
 - Provided **1 renovation reimbursement** grant resulting in **\$36,179 worth of improvements**.
NOTE: Some of the GO! HOME programs were suspended to redirect funds to PCDC's COVID-19 programs.
- **PCDC provided tuition for eight students** as part of the start-up of a new auto technician training program (High Demand Jobs) for area high school students that is a partnership between **Janssen Auto Group, Holdrege Public Schools and Central Community College**.
- Partnered with SCEDD and other organizations to **build a new home at 11th and Logan** to fill workforce housing demand. Gov. Pete Ricketts attended the ribbon cutting on the new home in early July. The home was purchased by a family that includes four young children.
- Assisted the Holdrege Area Chamber of Commerce in requesting and obtaining a **new 5% occupancy tax** on hotel rooms to be directed to the hospitality sector and market development activities.
- Investigated **comparative event center venues** and identified a potential funding entity for a Holdrege Event Center. PCDC anticipates this project to gain traction in 2021.
- Continued PCDC's commitment to and participation in the development of the **Holdrege Veterans' Memorial**.
- Helped develop and implement **compliance materials** for the city's mask mandate to keep businesses open.

BRANDING, MARKETING AND COMMUNITY CONSENSUS

- In partnership with KRJPR, PCDC continued communications with the public and investors through monthly e-newsletters and the quarterly Phelps County Business Journal (summer and fall editions). The business journal is distributed to all households and businesses in the county and several hundred out-of-

county stakeholders, such as the governor's office, site selection consultants, business targets, business leaders and other elected officials. **PCDC has expanded the distribution** of the newsletter via electronic means to Phelps County alumni targeting certain age groups. The increase of distribution is intended to encourage interest in moving back to the area.

- With Golden Shovel Agency, PCDC **launched a refreshed website** (www.PhelpsCountyNE.com) with new content, a new look and new photography. The website attracted more than 10,000 views in 2020.
- In November, the National Rural Economic Developers Association awarded PCDC its **Organizational Excellence Award** (the organization of the year) for 2020. NREDA is comprised of more than 250 economic development and rural utility organizations across 40+ states.
- Created marketing materials to **promote Crew Subdivision** townhomes and other opportunities in Holdrege and began planning for tours of comparable properties for Realtors.

FUND REPORT

All LB840 funds are maintained in restricted accounts that are separate from its general fund accounts. No funds are co-mingled. Income includes tax revenues, interest earned on the investments (certificates of deposit and money market accounts), and loan repayment interest. The following financials are attached to this document:

2020 LB840 Financials
Statement of Assets, Liabilities and Net Assets
Financial Variance Report
Statement of Revenues & Expenses Compared to Budget

PCDC's ACKNOWLEDGEMENT

The Phelps County Development Corporation provided this document and the financial documents reference within. The financial review of loan and grant applications were conducted according to credit review standards established for the economic development program by the Phelps County Development Corporation and conducted independently of participation from any member of the Citizen's Advisory Review Committee.



PCDC Executive Director

01/22/2021

Date

Phelps County Development Corporation LB840
LB840 Assets, Liabilities and Net Assets
As of December 31, 2020

	Dec 31, 20
ASSETS	
Current Assets	
Checking/Savings	
Checking-Great Western	35,513.98
Money Mkt. LB840-Great Western	189,575.04
Scholarship Funds - PCCF	67,328.08
Total Checking/Savings	292,417.10
Accounts Receivable	
Accounts Receivable	28,500.02
Notes Receivable	463,501.85
Total Accounts Receivable	492,001.87
Other Current Assets	
RLF-Great Western	14,316.51
FSBH - RLF Loan Repayments	10,075.03
Bruning Bank	2,523.09
FirsTier Bank	817.03
Home Federal	6,688.93
Certificates of Deposit	260,345.68
Total Other Current Assets	294,766.27
Total Current Assets	1,079,185.24
Fixed Assets	
Net Property and Equipment	476.64
Total Fixed Assets	476.64
Other Assets	
Property	1,660,954.43
Total Other Assets	1,660,954.43
TOTAL ASSETS	2,740,616.31
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	28,291.07
Total Accounts Payable	28,291.07
Other Current Liabilities	
Prepaid BD Down Pmt Match	52,500.00
Total Other Current Liabilities	52,500.00
Total Current Liabilities	80,791.07
Long Term Liabilities	
B&I Park Loan	112,348.20
Crew Subdivision Loan	313,230.19
Total Long Term Liabilities	425,578.39
Total Liabilities	506,369.46
Equity	
Unrestricted Net Assets	2,386,093.51
Net Income	-151,846.66
Total Equity	2,234,246.85
TOTAL LIABILITIES & EQUITY	2,740,616.31

LB840 Financial Variance Report

As of December 31, 2020

ROLLOVER FROM PREVIOUS MONTH:

ACCOUNT	NOTE
INCOME	
Interest on Loans Extended	On April 13, the Board approved a six-month deferral for the Lost Way Brewery loan due to COVID-19's impact on the business. No interest or penalties will accrue during the deferral. Payments will resume in October.
EXPENSES	
RETENTION/EXPANSION/RECRUITMENT	
GO! Loans, Steps, BizMo, etc.	Economic Recovery Grants: The Executive Committee approved a reallocation of funds to accommodate these grants at a special meeting held on Friday, March 27. This was reviewed and approved by the full Board of Directors at the regularly scheduled meeting on Monday, April 13. The overall net change to the budget resulted in a decrease in expenses.
Job Creation Incentives	Flat River Loan Forgiveness was recorded against this expense account upon completion of the Cobblestone Hotel.
Permitting Asst & Proj Advocacy	Engineering and Site Planning for Proposals
Mktg, Comm, Website, Research	Retail Strategies Consulting Service makes up the bulk of this line item. The first year of the contract (July 2019 – July 2020) was paid in two portions as we evaluated the service. The second part of the first year was paid on Jan 1, and then the contract renewed on July 1.
INFRASTRUCTURE/HOUSING/PLANNING	
GO! HOME Contractor Incentives	Washington Square Apartments Rent Subsidy Settlement was approved via electronic vote conducted on September 21, 2020.
Other Costs	Service Charge incurred at FirsTier Bank. The balance fell below the required minimum when this account was switched over to manage the TIF proceeds and disbursements. Four unpaid Builders Bureau memberships were written off.

NOTES:

ACCOUNT	NOTE
Property Sales	Proceeds from the sale of the Logan St House
Transfer from General	PCCF Scholarship Match
Transfer to General	General Office Support per 2020 Budget (33% of salary expense)
INFRASTRUCTURE	
GO! HOME Homeowner Incentives	One of the projects that was approved in 2019 will not be completed. The payable associated with this project was reversed.

Phelps County Development Corporation LB840
Statement of Revenues & Expenses Compared to Budget
January through December 2020

	Jan - Dec 20	Budget	% of Budget
Ordinary Income/Expense			
Income			
City Sales Tax Receipts	605,088.92	498,000.00	121.5%
Iron Horse Lease Income	25,680.00	25,680.00	100.0%
Builders Bureau Membership	800.00	600.00	133.3%
Scholarship Reimbursement	0.00	0.00	0.0%
Sale of Certified Water Rights	0.00	0.00	0.0%
HYP Income	0.00	0.00	0.0%
Property Sales	11,288.85	0.00	100.0%
Investments			
Interest-Savings, Short-term CD	2,649.34	5,000.00	53.0%
Interest on Loans Extended	1,195.19	2,327.00	51.4%
Total Investments	3,844.53	7,327.00	52.5%
Miscellaneous Revenue	0.00	0.00	0.0%
Total Income	646,702.30	531,607.00	121.7%
Expense			
Retention/Expansion/Recruitment			
GO! Loans, Steps, BizMo, etc.	104,300.61	2,400.00	4,345.9%
GO! Scholarships & Training	28,249.37	35,000.00	80.7%
Job Creation Incentives	225,000.00	33,000.00	681.8%
Career Ed - Workforce Rec / Dev	1,090.00	18,000.00	6.1%
Permitting Asst & Proj Advocacy	23,403.54	6,000.00	390.1%
Tradeshows, Consultants, etc.	8,681.69	10,000.00	86.8%
Mktg, Comm, Website, Research	101,475.91	58,000.00	175.0%
Iron Horse B&I Park Taxes & Ins	19,107.46	25,000.00	76.4%
Property Expenses	0.00	0.00	0.0%
Professional Fees	1,002.00	0.00	0.0%
HYP Expenses	0.00	0.00	0.0%
Total Retention/Expansion/Recruitment	512,310.58	187,400.00	273.4%
Infrastructure/Housing/Planning			
Housing Dev Infr - Grant Match	0.00	0.00	0.0%
GO! Newcomers Down Pmt Match	34,500.00	37,500.00	92.0%
GO! Newcomers Renter Relocation	0.00	0.00	0.0%
GO! HOME Contractor Incentives	51,142.07	15,000.00	340.9%
GO! HOME Homeowner Incentives	103.00	20,000.00	0.5%
GO! DREAM Code Compliance Grant	0.00	50,000.00	0.0%
Committee Support	54.49	1,200.00	4.5%
Engineer, Planning, Const, Dev	14,246.41	15,000.00	95.0%
Total Infrastructure/Housing/Planning	100,045.97	138,700.00	72.1%
Community Growth & Preparedness			
GO!DREAM Target Bldg Loan/Grant	0.00	10,000.00	0.0%
GO! BIZ First Impression Grants	0.00	5,000.00	0.0%
GO! DREAM FIG / Ext Rem	52,766.41	55,000.00	95.9%
Ballfield Complex	75,000.00	75,000.00	100.0%
Total Community Growth & Preparedness	127,766.41	145,000.00	88.1%
Depreciation Expense	0.00	191.00	0.0%
Other Costs	218.00	0.00	100.0%
Total Expense	740,340.96	471,291.00	157.1%
Net Ordinary Income	-93,638.66	60,316.00	-155.2%
Other Income/Expense			
Other Income			
Transfer from General	10,000.00	10,000.00	100.0%
Total Other Income	10,000.00	10,000.00	100.0%
Other Expense			
Transfer to General	68,208.00	68,208.00	100.0%
Total Other Expense	68,208.00	68,208.00	100.0%
Net Other Income	-58,208.00	-58,208.00	100.0%
Net Income	-151,846.66	2,108.00	-7,203.4%

CITIZENS' REVIEW REPORT

The Citizens' Advisory Review Committee has reviewed the information presented by the Phelps County Development Corporation as required in the Economic Development Plan. The committee was provided with the following:

- Written report: "Semi-Annual Public Review For Local Option Municipal Sales Tax (LB840)"
- 2020 LB840 Financial Statements for the period January 1 – December 31, 2020:
 - Statement of Assets, Liabilities and Net Assets
 - Financial Variance Report
 - Statement of Revenues & Expenses Compared to Budget
- Verbal presentation by a representative of PCDC

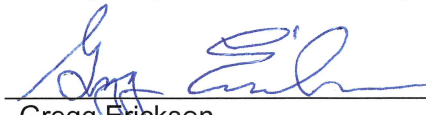
This program review certifies the application process was conducted properly and any funds expended or projects approved meet with the LB840 eligibility guidelines as written in our community's plan and approved by the citizens on March 12, 2001.

- No discrepancies were noted in the program review
- No discrepancies were noted in the program review, but the Citizens Review Advisory Committee makes a recommendation (see Notes below)
- Discrepancies have been identified (see Notes below)

Notes:

By signing below, members of the Citizens Advisory Review Committee acknowledge attendance at the meeting on February 10, 2021 and agree with the committee's findings above.

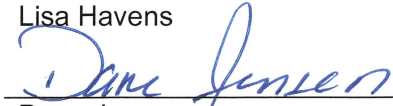
Luke Thorell will be making the presentation to the City of Holdrege at a regularly scheduled meeting of the Council.




Gregg Erickson

3/2


Karen Stute

Lisa Havens


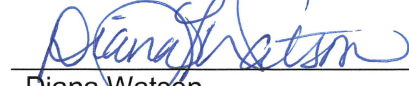
Dane Jensen

Michaela Nielsen


Luke Thorell



Meredith Pierce



Diana Watson