

Business and Cooperative Programs • Rural Business Development Grant (Revolving Loan Fund)

## Revolving Loan Fund Prevents Potential Food Desert

In 2017, Hayes County Economic Development Corporation (HCEDC) received a Rural Business Development Grant (RBDG) of \$43,229 to establish a revolving loan fund (RLF). HCEDC contributed \$15,000 cash and leveraged \$1,500 from the community to provide a more than 27% match for the RLF. HCEDC Director, Craig Softley, was looking for an opportunity for the first RLF Loan.

Grocery stores have been part of Kylene Littrel’s life for a long time. She worked as the customer service manager of Schmick’s Market in McCook and her mom works as a volunteer at the grocery store in Stapleton (Rural Cooperative Development Grant and Rural Energy for America Program beneficiary). When Kylene and her family relocated to Hayes County, Nebraska in 2017, the current owners of Scott’s Grocery turned over the management to Kylene. The current owners, consisting of six families with other full-time jobs, wanted to sell the store to someone interested in both ownership and management of the business. In April of 2018, Kylene submitted loan applications to Pinnacle Bank and to the Hayes County Economic Development Corporation RBDG Revolving Loan Fund Committee. In May 2018, Kylene and her husband Robert, became the owners of Scott’s Grocery in Hayes Center, Nebraska.



*Everyone is smiling. The transfer of ownership is complete!*

When HCEDC heard the owners of Scott’s Grocery were interested in selling, Craig Softley, President and part-time Hayes County Economic Development Director knew HCEDC loan funds were going to play a role in the transfer of ownership. Hayes Center has a population of 214, of which 30.8% is over the age of 60. (County population 967, 26.2% is over the age of 60.) The closest communities with grocery stores are more than 26 miles away, and with an aging population, Craig knew if the store closed, this could cause a food desert.

HCEDC partnered with Market President Kent Craw of Pinnacle Bank, to work with Kylene and her husband, Robert, to provide financing for the transfer of ownership. This isn’t the first time Rural Development has assisted projects in Hayes Center. In 2012, Scott’s Grocery received an USDA Rural Energy for America Program grant to upgrade its HVAC system. In 2011, the Village of Hayes Center constructed an incubator building using USDA Rural Business Enterprise Grant funds. The building is currently used as a grocery drop site for Scott’s Grocery and other grocery stores in the area. Due to the size of orders, the wholesale grocer wouldn’t deliver to stores with smaller orders. The project allows multiple grocery stores to combine orders to receive discounted prices if delivered to the warehouse.

**Obligation Amount:** \$43,229 grant

**Date of Obligation:** 5/4/18

**Congressional District:** Smith, NE 03; Senators Fischer and Sasse

**Partners:** Hayes County Economic Development Corporation - \$15,000; Third Party Cash \$1,500

**Demographics:** Community of Hayes Center and Hayes County, Nebraska

**Impact:** An experienced grocery manager becomes owner of local business and saves three jobs in village of 214 people.