



FAY-PENN

ECONOMIC DEVELOPMENT COUNCIL

2009 ANNUAL REPORT



LOCAL ECONOMY

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Chairman's Message



Steve Neubauer
Chairman

As only the third person to chair Fay-Penn in its eighteen year history, I am truly honored on behalf of the Board of Directors to welcome you to the 2009 Annual Report. I humbly follow Bob Eberly, Fay-Penn's founder and benefactor, and Leo Krantz, who led the organization over the last eight years.

These are interesting times for Fayette County. While the country and the world still suffer from economic difficulties, we are fortunate to have the natural gas industry growing in Fayette County. Thousands of new job opportunities will develop in the next few years in this industry alone. This is good news for our local economy and for many of the unemployed, but it also creates a very big challenge for our community. Fay-Penn is doing everything it can to support this growth.

For the first time in fifty years, Fayette County has finally arrived to the point where there are abundant job opportunities. This seems to contradict the local unemployment statistics. No longer can it be said that the problem with Fayette County is the lack of jobs. But now it must be said that the new challenge facing us deals with educating and training our children and retraining our adults so that they have the basic reading, math and technical skills to qualify for these good paying jobs. With the current economic climate, as a community we cannot afford to sit by and watch hundreds of millions of dollars of economic activity be lost simply because we have failed to properly prepare our children for the jobs that are available today. These technical and skilled labor jobs bring prosperity into our economy which we are also trying to spread to all sectors of the County through our local economy initiative which is highlighted on the cover of this year's Annual Report.

Decades ago when I grew up, there was a greater sense of community among people than what there is today. Somehow we have become more interested in ourselves rather than supporting each other to the extent that it is now hurting our local economy. With the help of our partner, the Herald-Standard, we have launched a major "Buy Local" initiative that emphasizes the important part that locally owned businesses play in our economy.

Fay-Penn has worked for years focusing on the manufacturing and other sectors that bring money into our local economy. These are companies where people go to work to get a paycheck, not spend it. But for everyone that has money to spend, they have a very important decision to make as to where they will spend their money. When they purchase goods and services from their neighbor's business, they are supporting their neighbor and their local economy. The more money that stays in the local community, the more money there is to flow between people and the greater the positive economic impact on the entire community.

I invite you to take the time to read more about this, other initiatives and our accomplishments in this Annual Report. Most importantly, I ask for you to get involved. It is a critical time in the evolution of our community to break the cycles of poverty, negativism, and despair, and we need your continued support.

A handwritten signature in blue ink that reads "Steve Neubauer". The signature is fluid and cursive, written in a professional style.

ORGANIZATION OVERVIEW

Incorporated
in 1991, Fay-Penn
was formed to assist

in the economic revitalization efforts of Fayette County. The organization was designated by the Internal Revenue Service (IRS) as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. As a membership based organization with 162 members, funding comes from various local, public, and private contributors and foundations, in addition to grant support from the Commonwealth of Pennsylvania and federal government for specific projects. Funds may not be used for the benefit of or be distributed to members, directors, officers, or private persons. Fay-Penn's **mission** is to maintain and increase employment opportunities (jobs) in Fayette County in an effort to improve the quality of life for all of its residents. This mission is met through a comprehensive strategy of specific economic development objectives. The organization primarily focuses on the manufacturing sector, in addition to a concentration on workforce issues and infrastructure development.

PRIMARY OBJECTIVES

Provide superior economic development services that meet the needs of Fayette County by building local resource capacity and professional capabilities.

Generate new commerce by revitalizing commercial areas through new community development, tourism and local economy initiatives.

Encourage new investments at existing business sites throughout Fayette County.

Support ongoing improvements in workforce development and public education to ensure that Fayette County is a great place to live and work.

Develop new community development practices that lead to long-term economic and ecological sustainability and self-reliance.

CONFIDENTIAL BUSINESS SERVICES

Fay-Penn offers a full range of confidential services and works closely with each client to provide customized service. In summary, the staff works hands-on with each company guiding them through the necessary procedures and providing the following types of assistance, wherever possible, to ensure the successful completion of their business location, expansion, or start-up projects, i.e.

Staff

President



Michael W. Krajovic
President & CEO

Accounting Dept.



Linda Yuhaniak
Accounting
Manager



Brenda Sapic
Sr. Accounting
Assistant



Debbie Williams
Accounting
Assistant

Administrative Dept.



Traci Klink
Exec. Assistant/
Office Manager



Staci Lee
Secretary



Gloria Calabro
Accounting &
Admin. Assistant

- Low interest financing
- Business development assistance
- Technical operations assistance
- Tourism business development
- Site selection assistance
- Workforce and education development
- Business park development

Asset & Contract Mgmt. Dept.



Tina Wargo
Asset & Contract
Dept. Manager



Ron Cole
Construction
Project Coord.



Twila Kendall
Tech. Assistance
Specialist

Economic Development Dept.



Barry Seneri
Economic Dev.
Manager



Michael Jordan
Economic Dev.
Specialist



Dana Kendrick
Economic Dev.
Specialist



Joe Podolinski
Fayette/Washington
KIZ Coordinator

Education



Ronald Sheba
Educ. & Workforce
Dev. Manager

Local Economy Dept.



Robert C. Junk, Jr.
Local Economy
Manager



Wanda Anker
Strategic Plan
Coordinator



Jessica Steimer
Sustainable
Communities Special.



2009 was another successful year for Fay-Penn's Revolving Loan Fund (RLF). Originally established in 1993, the RLF had grown from \$1 million to \$14.6 million at the end of 2009. The RLF is comprised of seven (7) separate programs that assist eligible businesses by funding capital expansion projects in fixed assets, such as new equipment and facilities at low interest rates. Six (6) projects received \$608,350 in financing assistance through the RLF in 2009. These projects generated additional private investment of \$1,208,063 and resulted in the creation and/or retention of 138 jobs. To date, 137 projects have been financed involving over \$48.7 million in private investment.

REAL ESTATE

Fay-Penn owns, operates and maintains eleven buildings, offering 380,934 sq. ft. of space to existing and potential tenants and operates and maintains three (3) business development sites (owned by the Fayette Industrial Fund) totaling 326 acres, most of which are ready for immediate development. Fay-Penn also owns another 1,114 acres of land in various locations for future development.

In 2009, Fayette Industrial Fund completed the construction of a \$150,000 access road and utility extension project to prepare the commercial site at the Fayette Business Park, Georges Township; and Fay-Penn completed construction of a 10,800 sq. ft. commercial building at a cost of \$1.1 million. Approximately 5,000 sq. ft. is already leased to three tenants.

Fay-Penn completed thousands of dollars in capital and leasehold improvements at several buildings to accommodate existing and new tenants; such as utility separations, HVAC installation, construction of ramps, overhead doors, repaving parking lots, roof repairs, etc.

The \$1.5 million Fayette Business Park road improvement and infrastructure project began in 2009. The project, consisting of road and storm water management improvements, site grading and the installation of a gravity sanitary sewer line, is being funded, in part, with an Infrastructure Development Program grant from the Commonwealth of Pennsylvania, and a federal Economic Development Administration grant, funded under the American Recovery and Reinvestment Act (ARRA). Construction will begin in early spring and completed by fall 2010.



Fay-Penn's new 10,800 sq. ft. Commercial Building, Fayette Business Park

Southwest PA Railroad

Fay-Penn, through its affiliate organization, the Fay-Penn Industrial Development

Corporation (FPIDC), continues to own and oversee the operation of 27 miles of rail line through Fayette County. The rail is leased to Southwest PA Railroad who provide shortline operation to nine local companies. During 2009, there were approximately 316 rail freight cars traveling the Fayette County rail line. Southwest PA Railroad oversees the maintenance of the line and completed two new tie crossings in Georges Township.



Key Performance Indicators

2009

2009 Business Development Projects

	<u>Jobs Created/ Retained*</u>
Advanced Acoustic Concepts	**
Chief Oil & Gas	0
EbTech	1
Express Energy	20
Hranec Corporation	**
Joyce's Jewelry	9
Peroni Personal Care Home	19
Prezioso Trust Fund	14
R&H Supply	8
Shane Felter Industries	**
Stefano's Printing	8
Tri State Biofuels, LLC	**
Total:	79

2009 New Project Results Overview

Completed Projects	12
Jobs Created & Retained*	79
Increase in Annual Payroll	\$241,440
Increase in Annual Tax	\$ 21,778
New Investment	\$ 4,366,956
Public Financing	\$ 1,609,677
Private Investment	\$ 2,757,279

* The data recorded are based upon information provided - and three year projections committed to by the companies.

** Job creation/retention numbers reported in previous annual reports

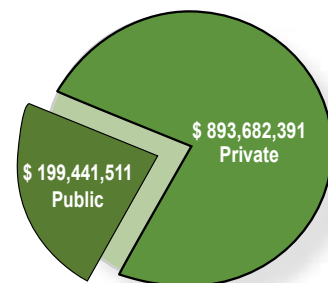
1992 - 2009

Total Completed Projects:
254

Job Creation & Retention:
7,761



New Investment Dollars:
\$1,093,123,902



New Annual Payroll Dollars Generated:
\$148,136,620

New Construction Dollars:
\$517,267



New Annual Taxes Generated:
\$6,477,192

(Does not include residential municipal, school or county real estate taxes)

Business Development



CHIEF OIL AND GAS, a privately held, independent oil and gas company that has been drilling and producing clean natural gas for more than a decade, located several of its operations in Fayette County with the assistance of Fay-Penn. The company is currently engaged in the exploration, development and production of oil and natural gas reserves in several fields in the Appalachian Basin, northern Texas, and Central Utah. Chief's most recent focus has been the development of the Marcellus Shale with Chief holding leases on more than 500,000 acres. The company is leasing 2,973

sq. ft. of office space at the Fay-Penn Innovation Center in the University Technology Park; and 12,500 sq. ft. of warehouse space and 5 acres of pipe storage yard at the Fay-Penn Business Center in the Greater Uniontown Business Park, both located in North Union Township. They are acquiring pipeline easements in Cambria, Somerset and Fayette Counties in Pennsylvania and Preston County, West Virginia. In addition to pipeline easements, compressor and pipeline tap sites are being acquired to move Chief production into available high-pressure transmission lines. The project resulted in \$37,952 in new investment.

R&H SUPPLY located its Northeast Regional Warehouse and Distribution Center in the Fayette Business Park in Georges Township. The company has been one of the leading suppliers of rig equipment and supplies to the oil field and industrial markets for more than twenty years. The operation began in Evanston, Wyoming and has expanded across the nation. R&H Supply began local operations in 10,800 sq. ft. of warehouse space in one of Fay-Penn's Multi-Tenant facilities at the Fayette Business Park. The project resulted in the retention and creation of a total of eight (8) jobs and \$10,000 in new investment in Fayette County.

EXPRESS ENERGY SERVICES located an operation in a 12,000 sq. ft. warehouse site in Perry Township with site selection assistance from Fay-Penn. With a facility in Montgomery, Lycoming County, this is the company's second Pennsylvania location. The company, headquartered in Houston, Texas, began operations in October 2000 as a one location offshore rental support business to the coil tubing market. The company has grown into a diversified service company with over 30 service locations across the U.S. It provides a broad based array of services and solutions for the natural gas and oil industries that span the complete life cycle of the field from "cradle to grave". This project will create approximately 40 to 50 new jobs in Fayette County. This is a great example of how the ongoing development of natural gas from Marcellus Shale continues to offer great investment potential for Fayette County's economic future.





PITTSBURGH-FAYETTE EXPRESS, INC. AND WEST PENN WAREHOUSE, INC.

benefited from a \$43,750 loan to the Prezioso Trust Fund from Fay-Penn's Revolving Loan Fund. The loan was used to assist in financing parking lot renovations for Pittsburgh-Fayette Express Inc. (PFX), a family owned and operated

trucking company that began operations in 1978 and services points in Western and Central PA, Eastern Ohio and portions of West Virginia; and reconstruction of a deteriorating wall and roof replacement for West Penn Warehousing, an affiliated warehouse storage and packaging services facility established in 1969. Both are situated on eight (8) acres of family-owned property in Belle Vernon, PA. This project will result in the retention of a total of 44 jobs.

SHANE FELTER INDUSTRIES, in operation since 1970, purchased an automated blasting machine utilizing a \$150,000 loan through Fay-Penn's Revolving Loan Fund and a \$200,000 Small Business First loan through the PA Department of Community and Economic Development (DCED). Shane Felter Industries is a bridge fabricator that produces bridge structures for various Departments of Transportation throughout the Eastern United States. The new automated blasting machine will increase productivity and allow the company to remain competitive in the bridge fabricating market. This project resulted in the retention of 60 jobs.



TRI-STATE BIOFUELS, LLC. acquired additional machinery and equipment for its new wood pellet

production operation utilizing a \$222,600 loan from Fay-Penn's Revolving Loan Fund. Formed in 2007 to produce biomass fuel pellets for both commercial and residential use, the company began operating in the green energy park in Lemont Furnace in 2009, and is expecting a workforce of over 30 employees.

STEFANO'S PRINTING utilized a \$92,000 loan from Fay-Penn's Downtown Revolving Loan Fund (DRLF) and a \$115,000 Small Business First loan from the PA Department of Community and Economic Development (DCED) to assist in purchasing a printing press. The newer model printing press will not only increase capacity, but has all the latest time saving technologies. Stefano's Printing creates products that can be divided into two distinct divisions, i.e., commercial printing and imprint advertising specialties. Stefano's Printing began operations in 1958. This project resulted in the retention of six jobs.



JOYCE'S JEWELRY received a \$50,000 loan through Fay-Penn's Downtown Revitalization Loan Fund (DRLF) to assist in purchasing new displays, showcases and furniture for its new location in a 7,000 sq. ft. facility in Downtown Uniontown. Joyce's Jewelry is a complete jewelry and giftware store. Joyce's will occupy 3,500 of the 7,000 sq. ft. and lease the remaining space. This project resulted in the retention of six jobs and the creation of three new jobs.

ADVANCED ACOUSTIC CONCEPTS utilized a \$313,073 loan from Fay-Penn's Revolving Loan Fund to assist in financing its \$503,459 business expansion project which included both building modifications and the acquisition of new machinery and equipment needed to fabricate various components of a major surface ship sonar system for the United States Navy. The project is expected to result in the creation of 25 new jobs within three years.

EBTECH INDUSTRIAL OFFICES, a leading manufacturer of modular in-plant offices, mezzanines and pre-assembled buildings, relocated from St. Louis to a multi-tenant facility in the Connellsville Industrial Park owned by Fay-Penn in 2007. Within two years, Ebtech outgrew its manufacturing and warehouse space and, in 2009, expanded into a 27,400 sq. ft. space within the same building. This expansion project resulted in \$90,315 in private and public investment and the retention of 10 jobs and the creation of one new job in Fayette County.

PERONI'S PERSONAL CARE HOME received a \$50,000 loan through Fay-Penn's Downtown Revitalization Loan Fund (DRLF) to assist in financing a 3,000 sq. ft. addition to its Uniontown facility. The company, which opened in 2007, needed to expand its resident and kitchen facilities to meet its increased demand for the placement of elderly resident care. The personal care home has 21 residents and the expansion will provide for 11 additional. This project will result in the creation of eight (8) new jobs and the retention of eleven existing employees.

SMALL BUSINESS DEVELOPMENT

Fay-Penn's Small Business Development Program answered 164 inquiries during 2009. Twenty-nine (29) were for financial/loan fund assistance. Economic Development staff participated in the identification, packaging and closing of six (6) loan projects that secured over \$608,350 in financing through Fay-Penn's Revolving Loan Fund, resulting in the creation and/or retention of 138 jobs. Financing was also secured from State programs: A PIDA loan, and two (2) Small Business First loans. The staff also secured financing through the Catalyst Connection's Machinery Technology Loan Fund. This financing totaled over \$1 million in additional funding for four (4) Fayette County companies. Of the 164 inquiries that the Fay-Penn Economic Development Staff answered in 2009, fifty-two (52) of those inquiries were for site selection assistance.



PENNSYLVANIA BUSINESS RETENTION AND EXPANSION PROGRAM

Despite State budget cuts in 2009, Fay-Penn continued to meet with 47 local businesses to assess their current and future needs and provided assistance to seventeen (17) of those companies under the State's PA Business Retention and Expansion Program. Twenty-nine (29) Customer Action Plans (CAPs) were generated and focused on capital needs, market and product development, technology assistance, workforce needs, site needs, government assistance and energy related projects. Cooperating partners included PA Careerlink, PennTap, Innovation Works, Governor's Action Team, Catalyst Connection, Southwestern PA Commission, Private Industry Council of Westmoreland/Fayette, SCORE and the Saint Vincent College – Small Business Development Center.



Fayette/Washington KIZ

KIZ's are zones designated by the state of Pennsylvania to encourage creativity, foster innovation and provide entrepreneurial opportunities in areas surrounding colleges or universities. In the zones, business leaders, academic researchers and economic development officials are encouraged to blend their talents and resources to foster the success of new companies. Partnerships will involve institutions of higher education, private business, business support organizations, commercial lending, venture capital groups, angel networks and foundations. In the Fayette-Washington KIZ, the participating institutions of higher learning are: Penn State Fayette, California University of Pennsylvania and Washington & Jefferson College.

FWKIZ WELCOMES THREE LOCAL COMPANIES: *Arkodia Technologies, LLC (Arkodia) - Fayette County* - a small technology firm that focuses on providing solutions that facilitate the sharing of key data across multiple organizations and departments. *Geology.com/Digital Mapstore LLC - Fayette County* - a comprehensive company that provides news and information about mineral resources, natural hazards and geography to over one million online visitors each month. *Synaptic Systems - Washington County* - an end-to-end I.T. solution provider that implements, monitors, and manages network infrastructures and offers Server Solutions, Network Architectures, Software and Licensing Strategies.

FWKIZ EVENTS AND FORUMS: The FWKIZ hosted a number of events designed to provide relevant advice, information and training to program attendees. Those forums included: *Entrepreneurial Forum:* College and university students heard expert advice from entrepreneurs and educators with diverse business, legal, educational and funding backgrounds. *Alternative Finance Forum:* Lending professionals from non-profit, private sector, and government agencies provided advice on capital available to growing businesses. *Patent, Copyrights, Trademarks and Intellectual Property Event:* Business owners, non IP attorneys, entrepreneurs, inventors, writers, and accountants learned about basics, legal rights, laws, requirements, and process and more. *Small Business Innovation Research/Small Business Technology Transfer Event:* In addition to the basics, participants learned about pre-qualification issues, strategies for making technology appealing to funders, steps for applying, proposal writing tips, trends in innovation, etc.

PA PROSPERITY – FAYETTE WATER RESEARCH PROJECT: This Penn State University program is being implemented in cooperation with Fay-Penn, Penn State faculty, administrators, gas, coal and electric industry representatives; and the Department of Environmental Protection (DEP). With the goal of developing water research opportunities as they relate to the energy industries, the project will include Electrical Engineering, Chemistry, and Aquatic Ecology programs at the Eberly Campus, with a focus involving data collection and the use of micro sensors.



FWKIZ BUSINESS MICRO-GRANT: The FWKIZ awarded \$10,000 to PA Breaker of Canonsburg who developed a green technology concept for a new computerized solid state breaker that is oil efficient and will last twice as long as a traditional breaker. The company builds the largest transformers in the country.

Community Development

FAYETTE FORWARD 2020

A new, two-phased Fayette County Strategic Planning Process was underway during 2009 and is expected to be completed by the end of 2010. Issues facing Fayette County today are much different than they were a number of years ago. New challenges exist and old issues with local culture continue to hold the community back. This culture was described as having a negative blaming, defeatist attitude, lack of cooperation, lack of ownership and lack of individual accountability. Rather than using the classic strategic planning approach alone, a new strategy was developed using a comprehensive approach to address the negative culture of the residents. The two-phased process undertaken included the following:

Phase I: Professional Leadership Training to positively change the current cultural attitudes that continue to hold communities back and develop a new spirit of cooperation. The goal was to help provide the understandings, perspectives and skills to empower residents to be better able to participate and facilitate group planning and develop a new vision for their local community and the County. The training was a huge success with 170 county residents and 30 Penn State Fayette Campus students graduating from the Transformational Leadership Training sessions held at various locations throughout the County.

Phase 2: Classic Strategic Planning Process to develop specific community projects with specific implementation strategies, objectives and goals. During 2009, the planning process began with 450 in attendance at 17 community meetings; 200 eleventh grade students from local school districts shared their ideas through written essays; and 30 fifth grade students submitted artwork depicting their visions.

The project, facilitated by Fay-Penn, is being funded with grants from USDA Rural Development, Commonwealth of PA; and contributions from local agencies, including:

- Fayette County Board of Commissioners
- Fayette County Community Action Agency, Inc.
- Community Foundation of Fayette County
- Connellsville Industrial Enterprises
- City of Connellsville
- Connellsville Redevelopment Authority
- The Greater Connellsville Chamber of Commerce
- Fayette Chamber of Commerce
- Fay-Penn Economic Development Council



Attendees of Transformational Leadership Training and community meetings held in Fayette County.





Local Economy Initiative



Fay-Penn launched a new Local Economy Initiative in 2008. For years, the organization has focused its efforts on the manufacturing and other industry sectors that bring money into our local economy. However, with the economic challenges facing the nation and the world, Fay-Penn has expanded its efforts for Fayette County to become more economically self sustainable. Some

of the new initiatives include helping businesses reduce energy costs, supporting new local agriculture and implementing a “Buy Local” program. In essence, when the citizens of local communities help to support each other, the need to rely upon other outside support is significantly reduced. The spirit of working together to become self reliant, not divided, is something our community needs. We believe it is a part of the American spirit that has lain dormant for far too long and needs to be resurrected. We are proud to be part of this effort.

During 2009, the staff provided support for two farmers markets; helped to develop two community gardens in the City of Connellsville; assisted in the development of two outdoor environmental school projects in D. Ferd Swaney Elementary School, (Albert Gallatin School District) and Menallen School (Uniontown School District) that included gardens, fruit trees, outdoor labs and walking trails; partnered with The Herald-Standard newspaper to educate the community on the benefits of supporting a “Buy Local” campaign; and began a Fayette County “Buy Local Network” initiative that will promote local spending through a distribution and use of a Community Discount Savings Card.

Major Priorities:

- *Increasing local sustainable agriculture;*
- *Creating local independent business networks*
- *Environmental sustainability*
- *Alternative energies and independence*
- *Public policy issues*

BUY LOCAL NETWORK



Fay-Penn, and its partner, Herald-Standard, launched the “Fayette County Buy Local Network” initiative on Earth Day, April 22, 2010. It will encourage county residents to support the local economy by supporting local businesses. The goal of the network is to raise awareness and to educate county residents about the importance of buying local. The network will be comprised of locally-owned and operated businesses such as retail stores, restaurants, farmers, contractors, service providers, developers and professional services, etc., whose success is crucial to a strong and sustainable local economy. The network will be supported by aggressive marketing and public relations efforts, including, but not limited to strategically placed billboards, targeted cable television advertising, supportive newspaper advertisements, and a Community Discount Savings Card.



Vision ... a future where local independent businesses and farmers will create stronger communities, where ...

- *Local businesses and farms are thriving; locally produced food is accessible to all; and local people consciously choose to spend their money in ways that enrich their municipal tax base and protect their environment.*

Mission

... to maintain and strengthen the local economic vitality ensuring that Fayette County sustains vibrant, livable communities with healthy people and ecosystems. The goal is to educate and inform residents and visitors to Fayette County, Pennsylvania of the positive economic impact on the area and the value of shopping at independent retailers first and supporting local businesses and the importance of reinvesting into our communities.

- *Local institutions and local infrastructure support access to local food and local independent businesses and business districts.*
- *The needs of local people are met by local farms and locally-owned, independent businesses.*
- *Energy is produced locally and owned by local citizens.*
 - *People of all ages are participants and not by-standers in the ongoing development of the community around them.*
 - *Their unique atmospheres, ideals, and initiatives are nationally recognized.*
- *People visit the area for its historic character and are drawn back again for their innovative accomplishments.*

COMMUNITY DISCOUNT SAVINGS CARD

Fay-Penn, in partnership with the Herald-Standard, launched its Buy Local Community Discount Savings Card program for Fayette County in 2010. The card program will be guided by principles and dedicated to the creation of a local living economy. It will be a tangible reminder of the reasons for residents to buy local, while the discounts offered by the participating businesses will be an incentive to do so.

The launch of the card will coincide with a community education campaign to educate county residents about the benefits of buying local and how it benefits the local economy. The card can be used by consumers at participating “Buy Local Network” participants for various discounts and promotions.



Workforce and Education



Reaching
Educational
Achievement with

Community Help (REACH) was created as a new Fay-Penn initiative in 2001 as a unique collaborative effort between the local business sector and educators in the six Fayette County school districts to work on both district-specific and county-wide initiatives. With the intentions of providing the hope, opportunity and empowerment that a quality education brings, REACH is focused on systemic education reform to prepare the county's youth to lead successful lives as contributing members of our communities.

REACH stresses the importance of career planning for our youth by encouraging adults to become mentors. It has been promoting a very unique, time efficient way to help called PA e Mentoring through a grant; Smart Futures, a non-profit, has partnered with REACH to connect High School Youth and adult mentors.

REACH held a forum during critical budget discussions to encourage appropriate levels of funding for our public educational schools, pre-kindergarten, public libraries, and other programs that have educational benefits to our children. A coalition of speakers made presentations to local legislators, school officials, and the community.

CONTRIBUTORS

- Ohioyle Prints
- PNC Financial Services Corp.
- Scottdale Bank & Trust Co.

Fay-Penn recognizes, with thanks, the generous support and financial contributions from so many companies, individuals and organizations. With their support, REACH is making a difference.



Fayette's first Economic Summit on the Return on Investment in Early Childhood Education - April 11, 2010

During 2009, REACH helped plan and promote Fayette County's first ever Economic Summit on the Return on Investment in Early Childhood Education. The program was made possible through a grant given by the PNC Foundation. Featured Speakers for this well attended event were: Stephen J. Bagnato, Ed. D. NCSP, a Developmental School Psychologist and Professor of Pediatrics and Psychology at the University of Pittsburgh; James Fish, M.B.A, the area Vice President for the Pennsylvania and West Virginia markets of Waste Management, Inc.; Todd Klunk, the Acting Deputy Secretary for the Office of Child Development and Early Learning (OCDEL); and Regina Clare Palubinsky, Ed. D., Special Assistant to the Pennsylvania Secretary of Education in Harrisburg.

According to James Fish, VP of Waste Management Inc., "The quality of workforce depends on the quality of education". According to the Office of Childhood Development's 2008-09 annual report, 56.7 percent of Fayette County children under the age 5 live in low income families. Pre-kindergarten program can save taxpayers \$102 million in special education costs. Intervention is needed early to get children on the way to learning and growing to avoid the double cost later in life.



CAREER TECHNICAL TRAINING “AN UNFILLED CRITICAL NEED”

Hearing the cries of employers, both on a local and national level, Fay-Penn began an aggressive effort in 2009 to promote the development of a new, modern state-of-the-art career technical school in Fayette County.

In its role as the lead economic development organization for Fayette County, Fay-Penn has heard too many times from existing and potential employers who continually express their concerns

about the existing workforce in Fayette County. Not only are they having a difficult time filling current positions because of the lack of basic skills, they are concerned about the future workforce being ill-prepared without the higher specialized skills necessary to remain competitive in today's economy. The question is, **“What can we do in education to save and create jobs?”**

Today, our children are stimulated very differently than they were 50 years ago, but infrastructure and attitudes remain relatively the same. Available cutting-edge technology in the hands of our youth provides learning opportunities like never before. Yet, the negative image of vocational-technical schools will prevent these children from being exposed to these opportunities and modern, state-of-the-art educations. The question is, **“How can we make sure that our children stay motivated and prepared for using future technologies?”**

Overcoming these challenges by being open to new ideas and investing in ourselves is absolutely critical to answering those questions. Without a modern, state-of-the-art facility, upgraded curriculum and specialized training, not only is Fayette County's economic future at stake, so is the future of our youth and their ability to find jobs. Our best and brightest students will leave upon graduation and contribute to some other community's economy. The talented, non-college-bound students will be unable to adequately support themselves, and many will rely upon the public welfare system.

Fay-Penn will continue its efforts, but **the power to make a difference lies with the parents, taxpayers and school boards. The fate of our economic future rests in their hands.**

REACH's seven main focal areas - based on much analysis of research and trends, as well as professional insight. Countless

Continued ‘Re-Invention’ of Local Vocational/ Career Technical Education

Strengthening and Promoting Significant Professional Development

Bolstering Business-Education Connections

Career Education/ Career Pathways (County-Wide Guidance Plan)

Promoting STEM Initiatives

Promote Early Childhood Educational Efforts

Coordination of Data-Driven Decisions



Board of Directors

May 2010

O F F I C E R S



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Fiesta Insurance Agency



Ed Fike
Mayor
City of Uniontown



Mark Fike
Account Executive
Paul Sprowls Agency



Kenneth Finney
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Plant Manager
BAE Systems



Edward J. Franczyk
President & CEO
Centra Bank



George Franks
President
Masontown Trophy



Doug Friend
Partner
Vitalink



Dan Gearing
Manager
Specialty Conduit & Manufacturing, LLC



James Gnagey
Owner
Gnagey Gas & Oil, Inc.



John Hart
Sec/Treas
Gallatin Fuels, Inc.



Van Humbert
Pres., Connellsville
Industrial Enterprises



William K. Jackson
Jackson Farms



Dr. Ed Jeffreys
Exec. Director,
Fay. Co.
Vo-Tech School



Sen. Richard Kasunic (D)
Dist 32, State Senator



Lawrence J. Kiefer
Treas. Scottdale
Bank & Trust



Brian Kiesel
Shareholder,
Kiesel & Rudnik



Raymond J. Koffler, II
VP & Regional Mgr.
PNC Bank



Val Laub
VP/Publisher
Uniontown
Newspapers



Kristi Litavec
Asst. VP &
Branch Mgr.
First Niagra Bank



Charles Matthews
Mayor
City of Connellsville



Donald M. Miller
Pres., Donald M.
Miller Roofing



Greg Parsons
Owner
Parsons
Insurance Co.



Stephen A. Peters
Sen. VP & Branch Mgr.
Jannet Montgomery
Scott, LLC



Robert McKeown
Owner
Ball Transfer Systems



Frank Ricco
Sec/Treasurer
Brownsville Bus Lines



Charmaine Sampson



Rusty Smalley
President
George R. Smalley
Electric



Linda Smith
Communities In
Schools



Pat Stefano
President
Stefano's Printing



Karen Siles
Systems Eng. & Mfg.
Argon ST



Vincent A. Vicites
Fayette County
Commissioner



Fred Wright
President
Ohiopyle Prints, Inc.



Edward Yankovich
VP, International
UMWA Dist. #2



Vincent Zaposky
Chairman, Fay. Co.
Commissioners



Angela M. Zimmerlink
Fayette County
Commissioner

Not Shown:

James Means
President, Fay. Co.
Assoc. of Twp.
Officials

Financial Statements

Fay-Penn Economic Development Council

Statement of Activities January 1, 2009 thru December 31, 2009

Statement of Financial Position as of December 31, 2009

CHANGES IN NET ASSETS:	TOTALS
SUPPORT	
Contributions	\$ 339,080
Grants	\$ 1,682,970
Member Contributions	\$ 34,450
Total Support	\$ 2,056,500
REVENUES	
Loan and Administration Fees	\$ 113,982
Rental Income	\$ 1,724,438
Gas Lease Revenue	\$ 253,002
Gas Royalties	\$ 15,154
Interest-Revolving Loan Fund	\$ 307,878
Investment Interest and Dividends	\$ 66,989
Interest-Other	\$ 45,950
Annual Dinner	\$ 21,590
Other	\$ 9,769
Total Operating Revenues	\$ 2,041,995
GAINS	
Realized Gain on Debt Obligation Extinguishment	\$51,000
TOTAL SUPPORT AND REVENUES	\$ 4,666,252
EXPENSES	
Program:	
Revolving Loan Fund	\$ 363,955
SWPA Business Retention & Expan. Prog.	\$ 26,672
Buildings	\$ 352,077
Marketing	\$ 14,528
Federal Enterprise Community Admin.	\$ 132,390
Keystone Opportunity Zone Program	\$ 9,826
Keystone Innovation Zone	\$ 82,985
REACH	\$ 139,087
Fayette County Strategic Plan	\$ 48,346
Sustainable Community	\$ 45,750
Total Program Expenses	\$ 1,215,616
Support Services:	
General Administration	\$ 771,707
Business Assistance	\$ 453,201
Tourism Development	\$ 45,320
IDC Administration	\$ 120,640
Total Support Services	\$ 1,390,868
TOTAL EXPENSES	\$ 2,606,484
Increase in Net Assets	\$ 2,059,768
Net Assets:	
Net Assets-January 1, 2009	\$ 23,470,558
Increase in Net Assets	\$ 2,059,768
Net Assets - December 31, 2009	\$ 25,530,326

ASSETS	
Cash and Cash Equivalent	\$ 2,050,272
Accounts Receivable	\$ 1,133,523
Other Assets	\$ 7,752
Revolving Loan Fund	
-Cash	\$ 2,378,457
-Investment in Marketable Securities	\$ 997,708
-Loan Receivable	
Capital Loans	\$ 4,933,228
Fayette Industrial Fund	\$ 1,171,000
-Investments-Loan Guarantee Program	\$ 300,000
Property, Plant & Equipment, Net of Acc. Depr.	<u>\$ 20,730,377</u>
TOTAL ASSETS	\$ 33,702,317
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts Payable	\$ 33,423
Accrued Expenses	\$ 152,738
Security Deposits	\$ 130,306
Deferred Revenue	\$ 1,389,460
Mortgage Payable	<u>\$ 6,466,064</u>
Total Liabilities	<u>\$ 8,171,991</u>
Net Assets:	
Unrestricted:	
Revolving Loan Fund	\$ 14,775,028
Operating	<u>\$ 10,656,775</u>
Total Unrestricted	\$ 25,431,803
Temporarily Restricted:	
Operating	<u>\$ 98,523</u>
Total Net Assets	<u>\$ 25,530,326</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 33,702,317



Fay-Penn Industrial Development Corporation

Statement of Activities
January 1, 2009 thru December 31, 2009

CHANGES IN NET ASSETS:	TOTALS
SUPPORT AND REVENUES	
Contributions from Affiliated Organization	\$ 30,000
Land Easements & Leases	\$ 20,416
Shortline Operator Lease	\$ 14,462
Gas Well Lease	\$ 144,915
Gain from Transfer of Building	\$ 15,000
Investment Income	\$ 1,782
Tourism Train Track Rental	\$ <u>1,977</u>
TOTAL SUPPORT AND REVENUES	\$ 228,553
EXPENSES	
Management and Administration	\$ 52,012
Real Estate Taxes	\$ 1,353
Omega Rail Commission	\$ 7,462
Contribution to Affiliated Organization	\$ 200,000
Rail Repair & Maintenance	\$ -
TOTAL EXPENSES	\$ 260,827
Increase (Decrease) in Net Assets	\$ (32,274)
Net Assets:	
Net Assets-January 1, 2009	\$ 5,772,016
Increase (Decrease) in Net Assets	\$ <u>59,732</u>
Net Assets - December 31, 2009	\$ <u>5,831,748</u>

Statement of Financial Position as of December 31, 2009

ASSETS	
Cash	\$ 124,287
Accounts Receivable	\$ 382,000
Net Fixed Assets	\$ <u>5,728,003</u>
TOTAL ASSETS	\$ <u>6,234,290</u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ 71
Deferred Revenue	\$ 115,932
Long Term Liabilities:	
Deferred Revenue	\$ <u>318,814</u>
Total Liabilities	\$ 434,817
Total Net Assets - Unrestricted	\$ <u>5,799,474</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,234,290</u>

Note: FPIDC financials are estimated. Audit not available at the time of printing.

Fayette Industrial Fund

Statement of Revenues, Expenses and Changes
in Net Assets for the Period
January 1, 2009 thru December 31, 2009

REVENUES	
Interest on Temporary Investments	\$ 4,391
Membership Dues	\$ 7,100
Meeting Reimbursements	\$ 800
Administrative and Service Fees	\$ 7,766
Park Tenant Income	\$ 5,900
Revenue from Land Sales	\$ 190,684
Gas Well Lease	\$ 246,218
Rental Income	\$ 38,553
Miscellaneous	\$ <u>32,683</u>
TOTAL REVENUES	\$ 534,102
EXPENSES	
Administration Fees	\$ 30,000
Real Estate Fees	\$ 26,967
Application and Service Fees	\$ 9,304
Interest Expense	\$ 46,042
Insurance	\$ 2,320
Office Expense	\$ 1,013
Legal and Accounting	\$ 2,321
Meetings	\$ 1,229
Property Operations	\$ 34,330
Engineering Fees	\$ 6,000
Special Project	\$ 1,310
Other	\$ <u>4,911</u>
TOTAL EXPENSES	\$ 165,747
Excess of Revenues Over (Under) Expenses	\$ 368,355
Net Assets	
Net Assets-January 1, 2009	\$ 2,654,463
Increase (Decrease) in Net Assets	\$ <u>368,355</u>
Net Assets - December 31, 2009	\$ <u>3,022,818</u>

Balance Sheet as of December 31, 2009

ASSETS	
Cash in Bank	\$ 252,036
Accounts Receivable	\$ 10,206
Gas Lease Receivable	\$ 584,873
Fixed Assets - Land and Improvements	\$ <u>5,836,039</u>
TOTAL ASSETS	\$ <u>6,683,154</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Deferred Revenue - Gas Lease	\$ 196,974
Long-Term Liabilities	
Notes Payable	\$ 2,521,000
Deferred Revenue	\$ 108,000
Deferred Revenue - Gas Lease	\$ 541,680
Due to Fay-Penn	\$ <u>292,682</u>
Total Liabilities	\$ 3,660,336
Net Assets	
Contributed Capital	\$ 441,386
Unrestricted Fund Equity	\$ <u>2,581,432</u>
Total Net Assets	\$ 3,022,818
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,683,154</u>

Special Thanks and Acknowledgements



Fay-Penn received financial support from individuals and businesses who share in the same desire of strengthening Fayette's economy. In 2009, The Richard King Mellon Foundation was a major contributor in support of Fay-Penn's administration. Fay-Penn takes this opportunity to acknowledge and say "Thank You" to the following who have provided significant financial support to both projects and programs in 2009, and to the 135 area businesses, organizations and individuals listed below whose annual financial contributions have aided in Fay-Penn's success.

\$1,000 - \$10,000

- ❖ Community Foundation
- ❖ Connellsville Industrial Enterprises
- ❖ Fayette County
- ❖ Ohiopyle Prints
- ❖ PNC Bank

\$10,001 - \$100,000

- ❖ Scottdale Bank
- ❖ Commonwealth of PA
 - PA Business Retention & Expansion Program
 - Local Eco. Dev. Assistance Program
 - Local Government Municipal Resource & Development Program
 - Ben Franklin Technology Development Authority

Over \$100,000

- ❖ Richard King Mellon Foundation
- ❖ US Dept. of Agriculture
 - Fayette Enterprise Community
 - Rural Business Enterprise Grant
- ❖ Commonwealth of PA - Grants

- 84 Lumber
- AAA East Central
- Advanced Acoustic Concepts
- Altman & Altman Architects
- American Broadband, Inc.
- American Water
- Anatomical Designs, LLC
- Argon ST, Inc.
- BAE Systems
- Ball Transfer Systems, LLC
- Berish Agency, Inc.
- Berwyn S. Detweiler, Inc.
- Blaney Farms, Inc.
- Brownsville Bus Lines
- Centra Bank
- Century Engineering
- Chess Coal Company
- Communities in Schools of SWPA
- Computer Trends, LLC
- Connellsville Chamber of Commerce
- Connellsville Industrial Authority
- Connellsville Redevelopment Authority
- Dairy Queen of SWPA, Inc.
- Demco Excavating, Inc.
- DeWeese, William H., State Rep.
- Donald M. Miller, Inc.
- Douglas Education Center
- Fairchance Construction Co.
- Fayette Chamber of Commerce
- Fayette Co. Board of Commissioners
- Fayette Co. Community Action Agency Inc.
- Fayette Co. Mental Health/ Mental Retardation
- Fayette Institute of Commerce & Technology, Inc.
- Fayette Parts Service, Inc.
- Fayette Storage, LLC.
- Fiesta, John A. Agency, Inc.
- First Federal Savings & Loan of Greene Co.
- First Federal Savings Bank
- First National Bank of PA
- Ford Business Machines, Inc.
- Fox-Cluss Glass Co., Inc.
- Franks Auto Supply
- Gallatin Fuels, Inc.
- Gene & Boots Candies, Inc.
- George, France M.
- George R. Smalley Co., Inc.
- Gerome Manufacturing Co., Inc.
- Gnagey Gas & Oil Co. Inc.
- Goodwill Industries of Fayette Co.
- Greater Tri-Town Industries, Inc.
- Habitat for Humanity Fayette County
- Hazemag, USA Inc.
- Holt & Bugbee Hardwoods
- Hranec Corporation
- Hunter Panels
- J & C Builders, LTD.
- Jackson Dairy Farm
- Janney Montgomery Scott, LLC
- Kalman, Thomas, Attorney-At-Law
- Kasunic, Richard, Senator
- Kisiel & Rudnik, PC
- Krantz, Leo T. Jr.
- Kula, Deberah, Pa State Rep.
- Laurel Business Institute
- Laurel Caverns/Laurel Conservancy, Inc.
- Laurel Highlands Outdoor Center
- Laurel Highlands School District
- Margolis, George, & Port
- Masontown Borough
- Masontown Trophy & Embroidery Co.
- McClure and Wolf
- McMillen Engineering
- Metalico Neville, Inc.
- Nemacolin Woodlands Resort
- Neubauer's Flowers, Inc.
- Ohiopyle Prints, Inc.
- Omega Rail Management
- One Hour Martinizing Dry Cleaners
- Otto Brick Company
- Parkvale Bank
- Parsons Insurance Services, LLC
- Paul Sprowls Agency, Inc.
- Penn State Fayette - The Eberly Campus
- Penobscot Corp. (Kentuck Knob)
- Pine Hollow Mechanical Plumbers & Pipefitters #354
- Prezioso Trust Fund #2
- Prime Communications, Inc.
- Private Industry Council of Westmoreland/Fayette
- PSI Packaging Services, Inc.
- Plak's
- Quality Reclamation Services, LLC
- Redevelopment Authority of the City of Uniontown
- Redevelopment Authority of the County of Fayette
- Ridgley, Louis E., Jr.
- Rittenhouse Bus Lines, Inc.
- Ruby, Joe T., DMD
- Sampson, Charmaine L.
- Scottdale Bank & Trust Co.
- Sensus Metering Systems
- Sepic Orthodontics
- Shane Felter Industries
- Sisters of the Order of St. Basil the Great
- Smithfield Stop-N-Shop
- Specialty Conduit & Mfg., LLC
- ST Development Co., LLC
- Stefano's Printing, Inc.
- Stephen R. Haky Funeral Home
- The North Fayette County Mun. Auth.
- Township of Brownsville
- Township of Bullskin
- Township of German
- Township of Lower Tyrone
- Township of Luzerne
- Township of Redstone
- Township of Saltlick
- Township of Upper Tyrone
- Township of Wharton
- Uniontown Area School District
- Uniontown Hospital
- Uniontown Mall
- Uniontown Newspapers, Inc.
- United Dairy
- United Mine Workers of America
- Valley National Gases WV, LLC
- Vertex Outsourcing, LLC
- Vitalink
- W.B. Kania & Associates, LLC
- W.R. Casteel Company, Inc.
- Western PA Conservancy/Falling Water
- Westmoreland/Fayette Workforce Investment Board
- White Energy Services
- Wize Guyz Food Service, LLC
- Woodland Zoo & More, Inc.
- WSW Holdings, Inc.

Cooperation and assistance were the keys to generating the results contained in this report. Everyday Fay-Penn works with many different organizations all dedicated to "Moving Fayette Forward." Fay-Penn wishes to thank everyone who assisted in these accomplishments.

Fay-Penn

Economic
Development
Council

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