

FAY-PENN

ECONOMIC DEVELOPMENT COUNCIL

2008 ANNUAL REPORT

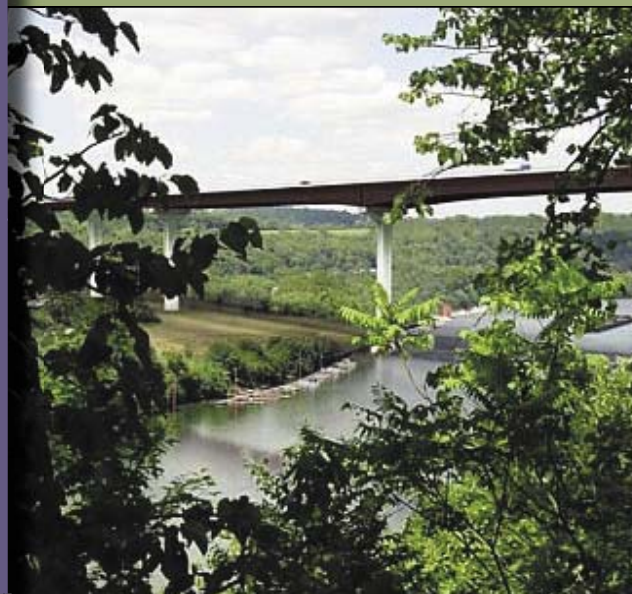


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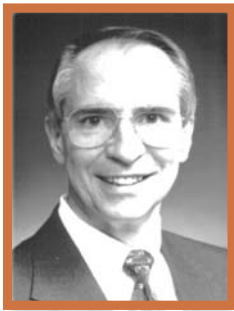
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Cover Photos:

Left column: Johnson Matthey, Inc. building construction - interior photo and exterior night photo from Mon-Fayette Expressway;

Right column: Mon-Fayette Expressway construction - Monongahela Bridge rendering (Source: Pa Turnpike website) and State Route 51 interchange construction.

CHAIRMAN'S MESSAGE



Leo T. Krantz, Jr.
Chairman

Welcome to Fay-Penn's 2008 Annual Report. On behalf of the Board of Directors and staff of the organization, I invite you to peruse the following pages to get a flavor of some of the exciting things that we have accomplished in the past year and are happening in our community. While our nation is faced with unprecedented economic and environmental challenges, locally, we still have reasons to celebrate.

Most exciting is the anticipated completion of the Mon-Fayette Expressway in Fayette County. When finished, this highway will significantly contribute to our quality of life and create new opportunities for greater prosperity. We should take a moment to thank the many people who have worked on this project over the last thirty years to make it a reality, some of whom are no longer with us. But there is still more to do to complete the final legs of the Expressway. As a County, we should support our neighboring communities in these efforts which will further improve our access to cultural assets and employment opportunities in Pittsburgh, as well as the Greater Pittsburgh International Airport.

Looking forward, we recognize the major shifts that are occurring worldwide, and we feel it is the appropriate time for the community to come together to develop a new vision for the county for the next 10 years. In this report, we list all of the organizations that have already agreed to help support the new planning process and work together to make it happen. The first phase of the strategic plan has already been started which involves providing innovative leadership training to help our citizens and community leaders move beyond old restrainers that continue to hold us back. The second phase, which will stretch into 2010, will involve organizing community-wide input to develop a new list of priority projects for local communities and the County.

In addition to the strategic plan, we have just begun to launch new programs such as our Local Economy Initiative and our Keystone Innovation Zone program. We are getting involved in renewable energy, forming new local agricultural businesses and looking at how together we might use federal stimulus programs to help our communities.

We continue to work with our local schools to improve our education system and supporting efforts to build a new state-of-the-art technical school. In a study by the consulting firm McKinsey, entitled "The Economic Impact of the Achievement Gap in America's Schools", the US dominated the world in K-12 education in the 1950s and 1960s. We also dominated economically. In the 1970s and 1980s, we still had a lead (albeit smaller) in educating our children, and America continued to lead the world economically. Today, we have fallen behind in both per capita high school graduates and their quality. In 2006, in 30 industrialized countries, the US ranked 25th out of the 30 in math and 24th in science. This should not, and does not need to be. As a community and as a nation, we need more educated and skilled workers than ever before to replace many workers scheduled to retire over the next 10 years and support further business expansions.

While these are very challenging times in many ways, they also present great opportunities for positive change. Adversity can bring people together. Through our collective commitments to plan for the future, we know it will. We look forward to working with everyone in the coming year to build upon our past successes and continue with our progress.

A stylized, handwritten signature in black ink, likely belonging to Leo T. Krantz, Jr.

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.

Staff

President



Michael W. Krajovic
President & CEO

Asset & Contract Mgmt. Dept.



Tina Wargo
Asset & Contract
Dept. Manager



Ron Cole
Construction
Project Coord.



Twila Kendall
Tech. Assistance
Specialist

Education



Ronald Sheba
Educ. & Workforce
Dev. Manager



Beth Wehner
Administrative
Assistant

Accounting Dept.



Linda Yuhaniak
Accounting
Manager



Brenda Sapic
Sr. Accounting
Assistant



Debbie Williams
Accounting
Assistant

Administrative Dept.



Traci Klink
Exec. Assistant/
Office Manager



Dawn Jankovic
Secretary



Gloria Calabro
Administrative
Assistant

Economic Development Dept.



Barry Seneri
Economic Dev.
Manager



Michael Jordan
Economic Dev.
Specialist



Dana Kendrick
Economic Dev.
Specialist



Joe Podolinski
Fayette/Washington
KIZ Coordinator

Local Economy



Robert C. Junk, Jr.
Local Economy
Manager



Wanda Anker
Strategic Plan
Coordinator

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.

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

2008 was another successful year for Fay-Penn's Revolving Loan Fund (RLF). Originally established in 1993, the RLF had grown from \$1 million to \$13.4 million at the end of 2008. 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 \$1,434,195 in financing assistance through the RLF in 2008. These projects generated additional private investment of \$4,543,431 and resulted in the creation and/or retention of 232 jobs. To date, 131 projects have been financed involving over \$47.5 million in private investment and the potential creation and/or retention of 3,948 jobs.

REAL ESTATE

Fay-Penn owns, operates and maintains ten (10) buildings, offering 370,934 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 660 acres, 334 of which are ready for immediate development. Fay-Penn also owns another 1,158 acres of land in three different locations for future development.

In 2008, Fay-Penn completed construction of a 12,600 sq. ft. expansion to the Fay-Penn Innovation Center, an existing 14,000 sq. ft. multi-tenant building located in the University Technology Park.

Renovations, utility separation and leasehold improvements on Fay-Penn's 57,000 sq. ft. building in Bullskin Township were completed and the facility is currently occupied by three tenants. The building is currently filled to capacity. A full roof replacement was completed at the 43,000 sq. ft. facility in Redstone Township.

Construction of a new 10,000 sq. ft. commercial building at the Fayette Business Park in Georges Township is currently underway and expected to be completed by summer of 2009.

Several infrastructure development and improvement projects were completed or began in 2008 by the Fayette Industrial Fund at the Fayette Business Park, such as a \$300,000 excavation and grading, utility extension and storm water drainage project benefitting approximately 30 acres; and construction of an access road and utility extensions to prepare for commercial development near the park entrance.



Fay-Penn Innovation Center, University Technology Park, North Union Twp



Fayette Business Park, Georges Township



Construction of Fay-Penn's Commercial Building at the Fayette Business Park, Georges Twp.

KEY PERFORMANCE INDICATORS

2008

2008 Business Development Projects

	<u>Jobs Created/ Retained*</u>
Johnson Matthey USA	110
Hranec Corporation	15
Shady Grove Park & Campground	2
Tri-State Biofuels	18
American Broadband/Nickmans	31
Specialty Conduit & Mfg. **	6
Royal Sumatra Holding Co.	10
Total:	192

2008 New Project Results Overview

Completed Projects	7
Jobs Created & Retained*	192
Increase in Annual Payroll	\$ 8,471,975
Increase in Annual Tax	\$ 392,580
New Investment	\$ 49,615,599
Public Financing	\$ 2,072,168
Private Investment	\$ 47,543,431

* 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

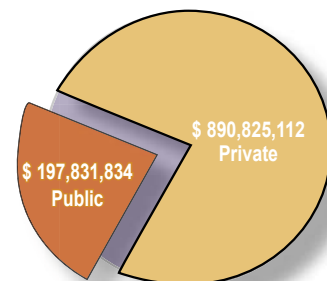
1992 - 2008

Total Completed Projects:
242

Job Creation & Retention:
7,682

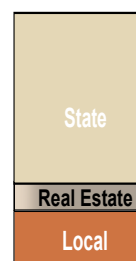


New Investment Dollars:
\$1,088,756,946



New Annual Payroll Dollars Generated:
\$147,895,180

New Construction Dollars:
\$492,392,685



New Annual Taxes Generated:

\$6,455,415

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

Johnson Matthey Inc.

Thanks to the collaborative efforts of many state agencies, including the Governor's Action Team, and the PA Department of Environmental Protection, approximately 110 new advanced manufacturing jobs and \$43 million in new private investment is being injected into the local economy

through the attraction of Johnson Matthey Inc. to Fayette County. The company purchased approximately 27 acres in the Fayette Business Park, Georges Township, and began construction of a new 156,000 sq. ft. manufacturing facility in March of 2008. The company will produce selective reduction catalysts (SRC), to reduce emissions of nitrogen oxide from heavy-duty diesel vehicle exhausts for the North American

market. Johnson Matthey had 16 employees at the end of 2008 and employed 36 as of the end of March 2009. Outside of initial management, 87% of these hires have been local. There were eight relocations of which the majority moved into the Fayette County area. Production trials are scheduled for summer 2009 with the start of production anticipated by the year-end.



American Broadband is an advanced technology company that delivers high capacity networking solutions to institutional customers such as large telecommunications carriers, school systems, health care organizations, large enterprise customers and state/local governments.

The company outgrew its facility and leased a newly constructed 10,000 sq. ft., state-of-the-art facility located on Route 119 in North Union Township. Fay-Penn assisted American Broadband by providing the Nickman family (the building developer) with a \$312,195 loan from its Revolving Loan Fund and assisted in obtaining a \$302,973 loan from the Pennsylvania Industrial Development Authority (PIDA) to help finance the project.



Founded in 2001, American Broadband has a corporate office in Lemont

Furnace, PA, a divisional office in St. Louis, Missouri and a network operations center in Mobile, AL. In 2008, it was named as one of the fastest growing private companies in the Pittsburgh region by the Pittsburgh Business Times, ranking #12 across all industries and #1 among technology companies. The project is expected to result in the retention of 19 jobs, the creation of 12 new jobs, and \$949,614.00 in new investment in Fayette County within three years.

Hranec Corporation

In September of 2008, Fay-Penn provided Hranec Corporation with a \$512,000 loan from its Revolving Loan Fund to assist in financing a 20,000 sq. ft. addition to the existing building and to purchase new machinery/equipment for a new oval duct line.

Starting in 1995 as a two person operation working out of a basement, owner and President, Steve Hranec has grown the business into a modern 120,000 sq. ft. fabrication shop providing experienced HVAC drafting and fabrication teams with state-of-the-art software and manufacturing capabilities. The current operations off Route 21 in German Township employ over 70 people in the off-peak season and nearly 150 in the peak construction season. Hranec Corporation offers full service HVAC ductwork needs nationwide. Their product range includes traditional square and rectangular duct to polyvinyl coated ductwork, along with a wide range of specialty items, accessories, and even custom metal work. However, it is their Spiral Duct that makes them famous.

These investments are anticipated to create an additional 15 new jobs. Fay-Penn is currently working with the corporation on further expansion opportunities that will be reported next year.



Shady Grove Park & Campground ... located off of Route 119 in Lemont Furnace, was originally built in the early 20th century by the West Penn Power Company as a destination to boost ridership on its trolley line. Shady Grove's pool, nearly an acre in size, was once the largest swimming pool between Philadelphia and Chicago.

Shady Grove is now a swimming pool and campground with a pavilion rental for reunions, graduations and parties. Shady Grove has been a family operated business since 1978 and has been managed by the current owner since 2001. In 2006, Shady Grove became an LLC and renewed its association with the railroad by providing riders a destination stop on a locally operated tourist train, although the two attractions are not formally affiliated as before. In 2008, Fay-Penn assisted Shady Grove with a \$50,000 loan through the Tourism Revolving Loan Fund. The funding was provided to assist in the construction of a new bath house to service visitors/tourists and to increase hook-ups for an additional 30-40 campsites. The pool and campground are open during the summer season.





Tri State Biofuels, LLC

was formed in 2007 to produce biomass fuel pellets for both commercial and residential use. A wood pellet production facility is under construction in Lemont Furnace, Pennsylvania. The plant is expected to be operational in spring 2009. Tri State will be able to produce 65,000 tons of biomass fuel pellets per year. The annual production is enough to heat 24,000 homes. Tri State is the first business to locate in its green energy park in Lemont Furnace.

In 2007, 1.1 million tons of wood pellets were produced in the United States. It is estimated that there are over 700,000 pellet stoves in the US and growing by 10% per year. The growth in the markets is due to other fuels, which have become less competitive. Tri State will sell its products throughout Pennsylvania, Maryland and West Virginia.

Fay-Penn assisted Tri State in 2008 by providing \$375,000 through the Fayette Capital Loan Fund and assisted the company in obtaining a \$200,000 Small Business First Loan for new construction and the purchase of machinery and equipment. Private investment for the project totaled approximately \$4 million.



Small Business Development



Fay-Penn's Business

Development Program answered 136 inquiries during 2008. Six (6) businesses secured \$1,434,195 in financing through Fay-Penn's Revolving Loan Fund, resulting in the creation and/or retention of 244 jobs. Forty-eight of those inquiries were for site selection assistance. As an example, Fay-Penn successfully provided Chief Oil and Gas with site selection assistance to lease 12,500 SF of warehouse space at the Fay-Penn Business Center in North Union Township and 5 acres behind the building for a pipe lay down area. Pleasant Trucking was also a small business inquiry that resulted in the lease of one acre at the Fayette Business Park for the purpose of parking tractor trailers in support of an existing business in the Fayette Business Park, Hunter Panels.

Continuing to be responsive to the needs of business, Fay-Penn works with the Service Corp. of Retired Executives (SCORE) and the Saint Vincent College – Small Business Development Center.



Fay-Penn met with 100 local businesses to assess their current and future needs and provided assistance to thirty-seven (37) of those companies under the PA Business Retention

and Expansion Program. The forty-four (44) Customer Action Plans (CAPs) generated were focused on capital needs, market & product development, technology assistance, workforce needs, site needs, government assistance, and business management. Cooperating partners included PA CareerLink, PennTap, Innovation Works, Governor's Action Team, Catalyst Connection, Private Industry Council of Westmoreland/Fayette, SCORE and the Saint Vincent College - Small Business Development Center.



Fayette/Washington KIZ (Keystone Innovation Zone)

KIZ's are designated zones 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.

PA Breaker Becomes a FWKIZ Company

Pennsylvania Breaker LLC has recently qualified as a KIZ

company as a result of having a one-of-a-kind project. The project involves green technology for a new computerized solid state breaker that will never need to have its oil replaced or changed and will last twice as long as a traditional breaker planned to be part of the nation's new, upgraded electrical grid. Their breaker technology and capabilities have made them a major supplier to the electric utility market and got the attention of the Department of Homeland Security to provide and place emergency backup transformers and breakers in strategic locations to improve risk management.



Business Plan Competition

The Fayette-Washington, Greene and Westmoreland County Keystone Innovation Zones partnered with Seton Hill University's E-Magnify Center to create the 2008-2009 Southwestern Pennsylvania Regional Business Plan Competition. Finalists presented their plans before a panel of seven judges from various backgrounds at Penn State Fayette - The Eberly Campus on February

18, 2009. The winning entrepreneurs chosen were Simply Clean of Uniontown, Fayette County; and DLJ & Associates of Canonsburg, Washington County. Both companies were awarded \$5,000 at an awards presentation in March of 2009.



FWKIZ Awarded a State KISK Grant

In 2008, Washington & Jefferson College (W&JC) in Washington, PA was named a recipient of the Keystone Innovation Starter Kit (KISK) Grant for \$150,000 through the Fayette-Washington KIZ. The funds will be used to recruit a faculty member, build curriculum, develop labs, staff and equipment in order to leverage private funding for their research in Bioinformatics. W & J was one of 18 colleges and universities across the state to receive a KISK grant. The KISK grant is part of an \$2.5 million investment by the Commonwealth to help local economies and help to cement Pennsylvania's reputation as a world-class leader in faculty recruitment and advanced technology.

Visit **www.fwkiz.org** for more information on events, news, and important links.

COMMUNITY DEVELOPMENT

Strategic Planning Underway



Putting **UNITY** back
into **CommUNITY**

The issues facing Fayette County today are much different than they were a number of years ago. New challenges exist in many areas compounded by a deteriorating state and national economic climate. At the same time, old issues dealing with local culture continue to hold the community back in meeting these current challenges. This culture has been described as having a negative blaming, defeatist attitude, lack of cooperation, lack of ownership and lack of individual accountability. It is time to develop a new strategy using a comprehensive approach to community building and planning process, rather than just using the classic strategic planning approach. As a result, a new two-phased Fayette County Strategic Planning process is underway:

Phase 1: 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 is 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. Training sessions are being 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.

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.
- Fayette Chamber of Commerce
- Community Foundation of Fayette County
- Connellsville Industrial Enterprises
- City of Connellsville
- Connellsville Redevelopment Authority
- The Greater Connellsville Chamber of Commerce
- Fay-Penn Economic Development Council

2008 FEC Funded Projects	
Cardale & Cox Donahey Elem. School	\$10,000
Southside Elementary School	\$10,000
Lafayette School	\$10,000
Fay. Co. Comm. Action Agency	\$ 4,000
East End Community Center	\$ 4,000
Connellsville Area Comm. Ministries	\$ 4,000
Keisterville Community Center	\$ 4,000
Junior Achievement of Western PA	\$ 4,000
Connellsville Cultural Trust	\$ 4,000
REACH	\$ 3,000
Redstone Township	\$ 4,000
Wesley Health Center	\$ 4,000
Menallen Township Supervisors	\$ 4,000
Domestic Violence Services	\$ 4,000
Uniontown Redevelopment Auth.	\$ 4,000
Think Local, Produce Local, Buy Local	\$ 3,000

Fayette Enterprise Community

The FEC designation reached its final year in 2008, ending the ten (10) years of funding appropriated by the United States Congress. Over the past 10 years, the FEC received a total of \$2.1 million in funding from USDA-Rural Development that assisted in funding 126 projects within FEC communities.

The activities targeted at local revitalization efforts in the county's most distressed communities totaled more than \$200 million dollars. There were a total of 107 benchmarks within the FEC plan with 73 still active. A total of 41 active benchmarks are complete with 32 in progress. Thanks to funds **appropriated by the United States Congress for 2008, the FEC funded sixteen (16) projects totaling \$80,000.**



Local Economy Initiative

Fay-Penn launched a new Local Economy Initiative over the past year. Among the many advantages, local spending helps to retain dollars within the community; increase local economic activity and impact; preserve small, locally-owned businesses; support sustainable low-impact organic farming; lower the carbon footprint; support the environment; improve community health; protect agricultural land, etc. In essence, when the citizens of local communities help to take care of each other, the need to rely upon other outside support is significantly reduced. Some new initiatives include establishing more local farm producers; coordinating more local purchases between businesses; and educating consumers about how spending money locally is crucial to their community's economic vitality.

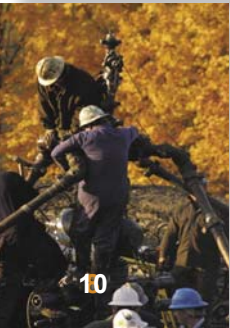


Major Priorities:

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

For additional information visit www.faypenn.org/economy.jsp

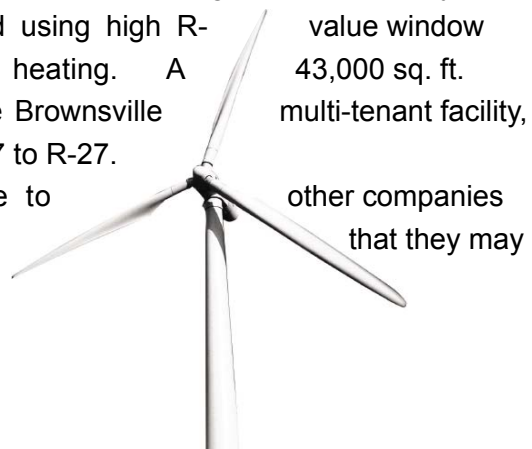
ENERGY



In 2008, Fay-Penn began moving forward with developing new services in an effort to support the national environmental objectives as they relate to our local businesses and communities.

It also incorporated "Green Technology" components in several building renovation and construction projects. Several energy efficient materials are being used in the new 10,000 sq. ft. commercial building currently under construction at the Fayette Business Park in Georges Township. In addition to traditional high R-value window glass and insulation, the facility will use a geo-thermal heating unit, wind-powered exterior lighting, and a high R-value roof material. The 12,000 sq. ft. addition to the Fay-Penn Innovation Center building at the University Technology Park was also constructed using high R-value window glass and insulation and geo-thermal heating. A roof replacement was completed at the Brownsville multi-tenant facility, increased the roofing insulation from R-7 to R-27.

Fay-Penn is providing assistance to other companies and small business owners on ways that they may incorporate the same technology in their own business.





TRANSPORTATION

Mon-Fayette Expressway

***Congratulations
to the many
community leaders,
organizations, and
thousands of
supporters who
made this
30-year-old dream
a reality!***

Thanks to the efforts of many, and the leadership of Senator Richard Kasunic, the Mon-Fayette Expressway construction through Fayette County is nearing completion. Construction of the 4.7 mile stretch between Pennsylvania and WV I-68 is currently underway as is the SR 51 and SR 119 interchange in Uniontown. When these segments and the new bridge over the Monongahela River in Luzerne Township are completed, there will be over 50 miles of continuous limited access highway connecting I-68 west of Morgantown, West Virginia, to Route 51 near Large, Pennsylvania. As a result, Fayette County's transportation infrastructure and access to nearby regional assets will be greatly enhanced.



*Looking from WV towards
PA Left to Right*



State Routes 51 and 119 Interchange



Menallen Township Toll Plaza



Forming for Luzerne Twp. Bridge



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 Railroad who provide shortline operation service to nine Fayette County companies.

During 2008, approximately 295 rail freight cars travelled on the Fayette County rail line. It is anticipated that an additional 30-50 rail cars will be added within the next year by another prospective rail customer. Southwest PA Railroad oversees the maintenance of the rail line and during 2008, some of the improvements included five rail road street crossing replacements, railroad ties were replaced from Uniontown to Fairchance and two gas line rail crossings were constructed.



WORKFORCE AND EDUCATION



is about ...

- ≡ **Preparing** and **developing** a skilled workforce;
- ≡ **Retaining** a skilled workforce through greater job opportunities; and
- ≡ **Attracting** new residents and skilled workers by having a superior education system.

CONTRIBUTORS

- BAE Systems
- Duke Energy
- Janney Montgomery Scott
- National City Bank
- Ohioypile Prints
- PNC Bank
- The 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.



Duke Energy Check Presentation to REACH

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 was engaged in several exciting initiatives in 2008. For example, REACH hosted a forum on Career and Technical Education which featured a national expert who addressed the advancement of education that prepares youth for successful careers. REACH also supported innovative programming for workforce development through the integration of Smart Futures' PA e-Mentoring program where business leaders mentor local students in career exploration. Professional teachers development services were provided by a partnership with the national Center for the Advancement of STEM Education, which provides state-of-the art teaching strategies in science, technology, engineering and mathematics for educators.



Reach forum held at Penn State Fayette - The Eberly Campus



Professional development demonstration including teachers and students

In 2008, Fay-Penn's REACH efforts surrounded seven main focal areas, based on much analysis of research and trends, as well as professional insight. Countless meetings, programs, trainings and forums were held related to the areas listed below:

Continued 'Re-Invention' of Local Vocational/ Career Technical Education	Preparing for the exodus of skilled workers with significant number of retirees, REACH works with school districts to strengthen a focus on the 're-invention' of the vocational/career technical education, which will lead to improved workforce development.
Strengthening and Promoting Significant Professional Development	Approaching the educational system as corporate leaders view a business model, REACH works with school districts to invest resources in research-based, continuous, relevant training for educators.
Bolstering Business-Education Connections	Strengthening a seamless partnership between business/ industry and the educators in Fayette County, REACH works with both entities for significant, systemic change.
Career Education/ Career Pathways (County-Wide Guidance Plan)	Working with school districts for a unified approach to career education and career pathways to increase the probability of students graduating from high school, reduce truancy and other delinquent behavior, and most importantly prepare students in the most comprehensive manner for the future.
Promoting STEM Initiatives	Making vast improvements in STEM (science, technology, engineering and mathematics) education and more effectively compete in a global economy, REACH works with Fayette County school districts, Intermediate Unit 1, business partners, post-secondary schools, and other partners to ensure awareness and promote STEM initiatives.
Promote Early Childhood Educational Efforts	Giving all children a fair chance at academic achievement, REACH works with school districts for a unified approach to quality pre-Kindergarten programs.
Coordination of Data-Driven Decisions	Making the most effective and significant data-driven decisions, REACH suggests working with a full-time professional to analyze data for objective and meaningful educational decisions.

2008 BOARD OF DIRECTORS

OFFICERS

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Neubauer Flowers, Inc.

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George Rattay

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Dr. Gary Brain
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School Dist.



Todd Casteel
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John A. Fiesta
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Plant Manager
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Debra Gideon
VP/Bus. Dev. Officer
Community Bank



John Hart
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William S. Jackson, Jr.
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Dr. Ed Jeffreys
Exec. Director, Fay Co.
Vo-Tech School



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



Lawrence J. Kiefer
Treasurer
Scottdale Bank & Trust



Brian Kisiel
Shareholder,
Kisiel & Rudnik



Raymond J. Koffler, II
VP Dist. Sales Exec.
National City Bank of PA



Val Laub
VP/Publisher
Uniontown Newspapers



Trey Matheu
Dir. of Resort Operations
Nemacolin Woodlands
Resort & Spa



Robert McKeown
Owner
Ball Transfer Systems



Dr. Emmanuel I. Osagie
Ph.D., PMP, Chancellor
Penn State Fayette



Greg Parsons
VP, CBIZ
Benefits & Insurance



Stephen A. Peters
Senior VP & Branch Mgr.
Parker/Hunter, Inc.



Judy Reed
Mayor
City of Connellsville



Frank Ricco
Sec/Treasurer
Brownsville Bus Lines



Louis Ridgley
Treasurer
NAACP



David Rossi
General Manager
Parametric Technology Corp.



Charmaine Sampson



Rusty Smalley
President
George R. Smalley
Electric



Linda Smith
Communities In Schools



Karen Stiles
Systems Eng. & Mfg.
Argon ST



Vincent A. Vicites
Fayette County
Commissioner



Ben E. Wright, Sr.
Senior VP, Mktg. Mgr.
FNB of PA



Fred Wright
President
Ohiopyle Prints, Inc.



Edward Yankovich
VP, International
UMWA Dist. #2



Vincent Zapotosky
Chairman
Fayette County Board of
Commissioners



Angela M. Zimmerlink
Fayette County
Commissioner

FINANCIAL STATEMENTS

Fay-Penn Economic Development Council

Statement of Activities January 1, 2008 thru December 31, 2008

Statement of Financial Position as of December 31, 2008

CHANGES IN NET ASSETS:	TOTALS
SUPPORT	
Contributions	\$ 307,772
Grants	\$ 845,748
Member Contributions	\$ 9,770
Total Support	\$ 1,163,290
REVENUES	
Loan and Administration Fees	\$ 121,137
Rental Income	\$ 1,749,447
Interest-Revolving Loan Fund	\$ 330,727
Investment Interest and Dividends	\$ 43,153
Interest-Other	\$ 42,019
Annual Dinner	\$ 22,155
Unrealized and Realized losses	\$ (272,663)
Other	\$ 6,331
Total Operating Revenues	\$ 2,041,995
TOTAL SUPPORT AND REVENUES	\$ 3,205,285
EXPENSES	
Program:	
Revolving Loan Fund	\$ 398,420
SWPA Business Retention & Expan. Prog.	\$ 29,006
Buildings	\$ 519,206
Marketing	\$ 25,046
Federal Enterprise Community Admin.	\$ 184,082
Keystone Opportunity Zone Program	\$ 9,198
Keystone Innovation Zone	\$ 61,643
REACH	\$ 182,533
Linking Education to Job Opportunity	\$ 9,196
Fayette County Strategic Plan	\$ 7,020
Sustainable Community	\$ 36,924
Total Program Expenses	\$ 1,462,274
Support Services:	
General Administration	\$ 705,557
Business Assistance	\$ 359,693
Tourism Development	\$ 68,429
IDC Administration	\$ 169,491
FIF Debt Forgiveness	\$ 729,887
Total Support Services	\$ 1,190,383
TOTAL EXPENSES	\$ 3,495,330
Increase in Net Assets	\$ (290,045)
Net Assets:	
Net Assets-January 1, 2008	\$ 23,760,603
Increase in Net Assets	\$ (290,045)
Net Assets - December 31, 2008	\$ 23,470,558

ASSETS	
Cash and Cash Equivalent	\$ 1,916,847
Accounts Receivable	\$ 454,013
Other Assets	\$ 12,311
Revolving Loan Fund	
-Cash	\$ 2,626,280
-Investment in Marketable Securities	\$ 1,265,525
-Loan Receivable	
Capital Loans	\$ 3,845,856
Fayette Industrial Fund	\$ 1,650,000
-Investments-Loan Guarantee Program	\$ 300,000
Property, Plant & Equipment, Net of Acct.Depr.	\$ 20,125,490
TOTAL ASSETS	\$ 32,196,322
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts Payable	\$ 52,710
Accrued Expenses	\$ 122,190
Security Deposits	\$ 129,230
Deferred Revenue	\$ 525,017
Mortgage Payable	\$ 7,896,617
Total Liabilities	\$ 8,725,764
Net Assets:	
Unrestricted:	
Designated	\$ -
Revolving Loan Fund	\$ 13,420,260
Operating	\$ 10,040,298
Total Operating	\$ 23,460,558
Temporarily Restricted:	
Operating	\$ 10,000
Total Net Assets	\$ 23,470,558
TOTAL LIABILITIES AND NET ASSETS	\$ 32,196,322



Fay-Penn Industrial Development Corporation

Statement of Activities
January 1, 2008 thru December 31, 2008

CHANGES IN NET ASSETS:	TOTALS
SUPPORT AND REVENUES	
Grant - PA Dept. of Transportation	\$ 23,475
Grant Match - Southwest PA Railroad	\$ -
Contributions from Affiliated Organizations	\$ 30,000
Gain from Sale of Land	\$ 5,227
Land Easements & Leases	\$ 32,240
Shortline Operator Lease	\$ 13,669
Investment Income	\$ 786
Tourism Train Track Rental	\$ 3,562
Sale of Scrap Metal	\$ <u>9,000</u>
TOTAL SUPPORT AND REVENUES	\$ 117,959
EXPENSES	
Management and Administration	\$ 47,608
Real Estate Taxes	\$ 1,629
Omega Rail Commission	\$ 7,390
Rail Repair & Maintenance	\$ <u>1,600</u>
TOTAL EXPENSES	\$ 58,227
Increase (Decrease) in Net Assets	\$ 59,732
Net Assets:	
Net Assets-January 1, 2008	\$ 5,775,216
Increase (Decrease) in Net Assets	\$ <u>56,532</u>
Net Assets - December 31, 2008	\$ 5,831,748

Statement of Financial Position as of December 31, 2008

ASSETS	
Cash	\$ 98,549
Cash - Escrow	\$ 13,198
Accounts Receivable	\$ 8,467
Net Fixed Assets	\$ <u>5,728,003</u>
TOTAL ASSETS	\$ 5,848,217
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ 3,271
Security Deposit	\$ 13,198
Long Term Liabilities:	
Mortgage Payable	\$ -
Total Liabilities	\$ 16,469
Total Net Assets - Unrestricted	\$ <u>5,831,748</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 5,848,217

Fayette Industrial Fund

Statement of Revenues, Expenses and Changes
in Net Assets for the Period
January 1, 2008 thru December 31, 2008

REVENUES	
Interest on Temporary Investments	\$ 9,570
Membership Dues	\$ 7,150
Meeting Reimbursements	\$ 500
Administrative and Service Fees	\$ 9,252
Park Tenant Income	\$ 5,600
Revenue from Land Sales	\$ 103,401
Grant from DCED	\$ 300,000
Rental Income	\$ 50,823
Miscellaneous	\$ <u>200</u>
TOTAL REVENUES	\$ 486,496
EXPENSES	
Administration Fees	\$ 30,000
Real Estate Fees	\$ 1,714
Application and Service Fees	\$ 9,533
Interest Expense	\$ 56,875
Insurance	\$ 3,069
Office Expense	\$ 1,303
Legal and Accounting	\$ 732
Meetings	\$ 547
Property Operations	\$ 33,819
Grant Expenses-DCED	\$ 300,000
Special Project	\$ 5,379
Other	\$ <u>1,743</u>
TOTAL EXPENSES	\$ 444,714
Excess of Revenues Over (Under) Expenses	\$ 41,782
Extraordinary Item-Forgiveness of Debt	\$ 729,887
Net Assets:	
Net Assets-January 1, 2008	\$ 1,882,794
Increase (Decrease) in Net Assets	\$ <u>771,669</u>
Net Assets - December 31, 2008	\$ 2,654,463

Balance Sheet as of December 31, 2008

ASSETS	
Cash in Bank	\$ 495,140
Accounts Receivable	\$ 36,778
Fixed Assets - Land and Improvements	\$ <u>5,952,231</u>
TOTAL ASSETS	\$ 6,484,149
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 6,689
Accrued Interest Payable	\$ -
Current Portion of Notes Payable	\$ -
Deferred Revenue	\$ 130,315
Long-Term Liabilities	
Notes Payable	\$ 3,400,000
Due to Fay-Penn	\$ <u>292,682</u>
Total Liabilities	\$ 3,829,686
Net Assets	
Contributed Capital	\$ 499,626
Unrestricted Fund Equity	\$ <u>2,154,837</u>
Total Net Assets	\$ 2,654,463
TOTAL LIABILITIES AND NET ASSETS	\$ 6,484,149

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 2008, 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 2008, and to the 162 area businesses, organizations and individuals listed below whose annual financial contributions have aided in Fay-Penn's success.

\$1,000 - \$10,000

- ❖ Duke Energy
- ❖ First Federal Savings & Loan of Greene Co.
- ❖ First National Bank
- ❖ Columbia Gas of PA
- ❖ Ohiopyle Prints
- ❖ BAE Systems, Inc.
- ❖ PNC Bank

\$10,001 - \$100,000

- ❖ National City Bank of PA
- ❖ Commonwealth of PA
 - PA Bus. Retention & Expan. Program
 - Local Eco. Dev. Assistance Program
 - Ben Franklin Technology Dev. Authority
- ❖ U.S. Dept. of Labor
 - Linking Education to Job Opportunities
- ❖ U.S. Appalachian Regional Commission

Over \$100,000

- ❖ Richard King Mellon Foundation
- ❖ Scottdale Bank
- ❖ US Dept. of Agriculture
 - Fayette Enterprise Community
 - Rural Business Enterprise Grant

84 Lumber
 AAA East Central
 Advanced Acoustic Concepts
 Altman & Altman Architects
 American Broadband
 Anatomical Designs
 Assad Iron & Metals, Inc.
 BAE Systems
 Ball Transfer Systems
 Berish Agency, Inc.
 Berwyn S. Detweiler, Inc.
 Blaney Farms, Inc.
 BPU Investment Management, Inc.
 Brownsville Bus Lines
 Brownsville Area School District
 Centra Bank
 Century Engineering
 Chess Coal Company
 Clarke, James E.
 Columbia Gas of PA, Inc.
 Commercial Center Associates
 Communities in Schools of SWPA
 Community Bank, N.A.
 Community Engagement Group
 for Early Care & Education
 Computer Trends, LLC
 Connellsville Area School District
 Connellsville Redevelopment Authority
 Creative Computer Concepts
 Demco Excavating, Inc.
 Dominic DeFrank
 Donald M. Miller, Inc.
 Douglas Education Center
 Dynamic Materials Corp.
 Eat 'N Park Restaurant
 Fairchance Construction Co.
 Fallingwater / Western PA
 Conservation
 Fayette Chamber of Commerce
 Fayette Co. Agricultural
 Improvement Assoc. Inc.
 Fayette Co. Area Vo-Tech School
 Fayette Co. Board of Commissioners
 Fayette Co. Housing Authority
 Fayette Co. Community Action
 Agency, Inc.
 Fayette Co. Mental Health/
 Mental Retardation
 Fayette Co. Redevelopment Authority
 Fayette Institute of Commerce
 & Technology
 Fayette Parts Service
 Fiesta, John A. Agency, Inc.
 Fayette Resources, 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
 Gabriel Brothers
 Gallatin Fuels, Inc.
 George, France M.
 George R. Smalley Co., Inc.
 Gerome Manufacturing Co., Inc.
 Glass Mart
 Gnagey Gas & Oil Co. Inc.
 Goodwill Industries of Fayette Co.
 Greater Tri-Town Industries, Inc.
 Green Filter USA, Inc.
 Ground Force Marketing Co.
 Haky Funeral Home
 Hazemag, USA Inc.
 Holt & Bugbee Hardwoods
 Hunter Panels
 ICMI/Nu-Kote
 International Liner Co.
 J & C Builders, LTD.
 J. Dorazio Agency
 J.G. Brodak's Shop-N-Save
 Jackson Dairy Farm
 Kasunic, Senator Richard
 Kisiel & Rundik, PC
 Krantz, Leo T. Jr.
 Kula, Deberah, Pa State Rep.
 Laurel Business Institute
 Laurel Caverns
 Laurel Highlands River Tours
 Laurel Highlands School District
 Laurel Machine Co.
 Life's Work of Western PA
 Lynn's Dairy Queen Franchiser
 Magnum Colors
 Maracon, Inc.
 Margolis, George, & Port
 Masontown Trophy &
 Embroidery Co.
 McClure and Wolf
 McMillen Engineering
 Meloni's Restaurant
 National City Bank of PA
 National Envelope Co.
 Nemacolin Woodlands
 Resort and Spa
 Neubauer's Flowers, Inc.
 New-Belle Construction Inc.
 Office of Vocational Rehabilitation
 Ohiopyle Prints, Inc.
 Omega Rail Management
 Otto Brick Company
 PA - American Water Co.
 Parker/Hunter, a Div. of
 Janney Montgomery Scott LLC
 Parkvale Bank
 Parsons Insurance Service
 Paul Sprowls Agency
 Penn State Fayette -
 The Eberly Campus
 Pine Hollow Mechanical

Plumbers & Pipefitters #354
 Private Industry Council of
 Westmoreland/Fayette
 Prime Communication, Inc.
 ProLogic, Inc.
 PSI Packaging Services, Inc.
 Ptak's
 Quality Reclamation Services
 Rabatin, Dr. Mark DDS
 Ridgley, Louis E., Jr.
 Rolaf Lawn & Landscaping
 Services
 Sampson, Charmaine L.
 Scottdale Bank & Trust Co.
 Senior Care Network
 Sensus Metering Systems
 Sepic, Dr. Ronald R., DDS, LTP
 Shane Felter Industries
 Shumar's Welding &
 Machine Service
 Sisters of the Order of St. Basil
 the Great
 Smithfield Stop-N-Shop
 Specialty Conduit & Mfg. LLC
 ST Development Co., LLC
 Stahl's Hotronix
 Stefano's Printing
 TeleTech Call Center
 Township of Brownsville
 Township of Bullskin
 Township of Connellsville
 Township of Dunbar
 Township of Luzerne
 Township of Redstone
 Township of Saltlick
 Township of Upper Tyrone
 Township of Wharton
 Tri-Town Industries, Inc.
 Uniontown Area School District
 Uniontown Hospital
 Uniontown Mall
 Uniontown Newspapers, Inc.
 Uniontown Redevelopment
 Authority
 United Dairy
 United Mine Workers
 Valley National Gases
 Vertex Outsourcing, LLC
 W.B. Kania & Associates
 W.R. Casteel, Inc.
 Wally Corporation
 Webster & Webster
 West Penn Warehousing
 Western PA Conservancy
 Westmoreland/Fayette WIB
 White Energy Services
 White Swan Flower Shop
 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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