



FAY-PENN

ECONOMIC DEVELOPMENT COUNCIL

2010 ANNUAL REPORT



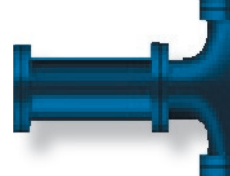
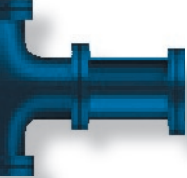


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Steve Neubauer
Chairman

Chairman's Message

Greetings and welcome to Fay-Penn's 2010 Annual Report. For the past few years we have heard about the Marcellus Shale boom coming, not only to Fayette County, but also throughout other parts of Pennsylvania, West Virginia, New York and Ohio. From our point of view, it is beginning.

In 2010, Chevron acquired Atlas Energy and most of their operations in Fayette County for \$4.3 billion, making it one of the largest acquisitions in the Marcellus Shale industry to date. During the past year, Fay-Penn also completed 13 business expansion projects, of which Calfrac was the largest. Calfrac, headquartered in Calgary, Canada is another global company involved in the Marcellus Shale gas industry. Calfrac plans to invest over \$150 million in the Fayette County area. The company projects to create 300 jobs from its new location in the Fayette Business Park. The economic impact on our community from this one project will be tremendous, generating over \$20 million in local payroll dollars for many years to come. The positive benefits from this project and others will also provide great opportunities for our local commercial businesses to grow within our community. This presents a once in a lifetime opportunity for young people, provided they are taught the right skills for employment.

In addition to new companies moving to our area, significant progress has been made to support many local businesses through our Local Economy Program. This initiative becomes even more important as the number of new, well paying positions become available in Fayette County. We need to capture as many of those payroll dollars as we can to increase the local economic multiplier effect. With our partners, the Herald Standard and WMBS radio, we have been able to generate a growing public awareness on the importance of supporting local, independently owned businesses. Research has shown that it does make a positive difference when workers live in the community, in which they work, thus spending their dollars with local merchants. More dollars stay local rather than leaving as earnings for Wall Street investors who don't live in our community.

We are encouraging local businesses to become leaders in the environmental movement. Whether it is improving energy efficiency or recycling, local businesses can help to lead our community onto a more sustainable path. We also support strict environmental regulations for gas drilling to protect our environment. We know from our experiences with acid mine drainage and barren coal sites that the gas must be extracted in a safe and proper manner to protect our quality of life. Our lakes, streams, rivers, our beautiful farmland and the Laurel Highlands are all an integral part of our landscape, heritage and culture. They must be protected for this industry to develop and become part of our country's solution to energy independence.

On behalf of Fay-Penn's Board of Directors, I would like to thank you for your ongoing support. I invite you to review the entire report to learn more about what Fay-Penn is doing to continue to move Fayette Forward.

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 153 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 various types of assistance, wherever possible, to ensure the successful completion of their business location, expansion, or start-up projects.

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

	President  Michael W. Krajovic President & CEO	Administrative Dept.    Traci Klink Sandy McClelland Gloria Calabro Exec. Assistant/ Secretary Accounting & Office Manager Admin. Assistant			Accounting Dept.     Linda Yuhaniak Wanda Anker Brenda Sapic Debbie Williams Accounting Small Business Sr. Accounting Accounting Manager Dev. Specialist Assistant Assistant			
	Asset & Contract Mgmt. Dept.    Tina Wargo Ron Cole Twila Kendall Asset & Contract Construction Tech. Assistance Dept. Manager Project Coord. Specialist		Economic Development Dept.    Barry Seneri Michael Jordan Dana Kendrick Economic Dev. Economic Dev. Economic Dev. Manager Specialist Specialist			Education  Ronald Sheba Educ. & Workforce Dev. Manager		Local Economy Dept.   Robert C. Junk, Jr. Jessica Steimer Local Economy Sustainable Manager Communities Special

2010 was another successful year for Fay-Penn's Revolving Loan Fund (RLF). Originally established in 1993, the RLF has grown from \$1 million to \$14.8 million at the end of 2010. The RLF is comprised of eight (8) separate programs that assist eligible businesses by funding capital expansion projects in fixed assets, such as new equipment and facilities at low interest rates. The newest program created within the RLF was funded with a \$500,000 loan from the U.S. Dept. of Agriculture to establish a Rural Microenterprise Assistance Program (RMAP) Loan Fund. During 2010, five (5) projects received \$780,000 in financing assistance through the various RLF programs. These projects generated additional private investment of \$1,226,500 and resulted in the creation and/or retention of 103 jobs. To date, 142 projects have been financed resulting in over \$50 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 parks, owned by the Fayette Business and Industrial Development Corporation (FBID) totaling approximately 500 acres, 268 of which is available for development. Fay-Penn's buildings are 95% occupied by 25 tenants. Fay-Penn also owns another 1,213 acres of land in various locations for future development.

In 2010, Fay-Penn completed in excess of \$500,000 in capital and leasehold improvements at several buildings to accommodate existing and new tenants. These improvements included wall construction, utility installation, HVAC installation, construction of access ramps, overhead doors, roof repairs and replacements, etc.

Construction, which began in early spring of 2010, is nearing completion on the \$1.5 million Fayette Business Park road improvement and infrastructure project. The project, consisting of road and storm water management improvements, site grading and the installation of a gravity sanitary sewer line, was 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).



Road construction at the Fayette Business Park, Georges Township.

SOUTHWEST PA RAILROAD

Fay-Penn, through its affiliate organization, 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 eleven (11) local companies. During 2010, rail freight traffic doubled to approximately 750 cars, primarily due to the increased activity in the Marcellus Shale gas industry. It is expected that the number of cars will increase significantly by the end of the year, and will continue to grow in the coming years.



Key Performance Indicators

2010

2010 Business Development Projects

Jobs Created/ Retained*

ABC School House	6
All American Lawn & Landscaping	12
Calfrac Well Services Corp.	300
First Rate Metal Fabrication	2
GHX Industrial, LLC	5
Health Works	4
Henwil Corporation	11
Little Kid Zone	8
Power Piping Co.	9
Shane Felter Industries	**
Smokin' Scissors	2
Stop 'N Shop	15
Teleperformance	**

Total: 374

2010 New Project Results Overview

Completed Projects	13
Jobs Created & Retained*	374
Increase in Annual Payroll	\$21,247,680
Increase in Annual Tax	\$ 864,781
New Investment	\$ 152,665,850
Public Financing	\$ 1,270,850
Private Investment	\$ 151,395,000

* 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

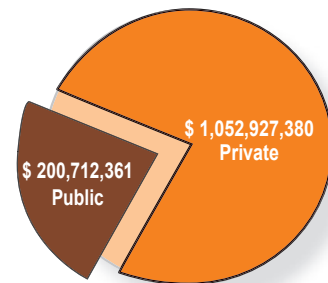
1992 - 2010

Total Completed Projects:
267

Job Creation & Retention:
8,135

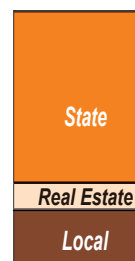


New Investment Dollars:
\$1,253,639,741



New Annual Payroll
Dollars Generated:
\$169,384,300

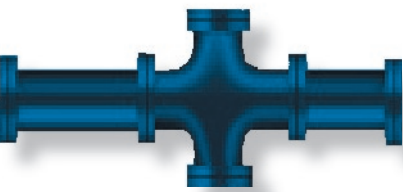
New Construction Dollars:
\$503,630,802



New Annual Taxes
Generated:

\$7,341,973

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



Business Development



Marcellus Shale Gas Boosts Fayette's Economy

2010 was the beginning of a very significant era for Fayette County's economic development. There continues to be a major influx of business development, job opportunities and private investment as the result of the growing Marcellus Shale gas industry activities. It is anticipated that economic growth with the location and expansion of the gas and gas-related industries will continue over the next decade.

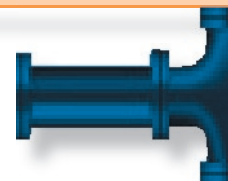


CALFRAC WELL SERVICES CORP., is a leading supplier of fracturing, coiled tubing and cementing services for the global oil and natural gas industry. Calfrac is headquartered in Calgary, Alberta with operations in Western Canada, the United States, Russia, Mexico and Argentina. Calfrac's United States operations are based in Denver, Colorado. Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". The company purchased a 42-acre site in the Fayette Business Park in Smithfield, Georges Township and plans to construct an office and shop building, a warehouse and laboratory building and a wash bay. This project will expand their Pennsylvania employment from 85 existing employees in Mt. Morris, PA to approximately 300 employees at the Smithfield location. Private investment, including the existing fleet to be relocated from Mt. Morris, will be in excess of \$150 million. This is another great example of how ongoing development of natural gas from Marcellus Shale continues to offer great investment potential for Fayette County's economic future.



VALERUS made its intentions known in September 2010 that the company planned to establish a Marcellus shale regional presence by purchasing property in the Fayette Business Park, Georges Township to construct a 16,500 sq. ft. facility and to employ from 30 to 40 people. Valerus is a worldwide leader in integrated oil and natural gas handling equipment, operations and services. Valerus services include compression, gas processing and treating, production equipment, packaging and manufacturing. The company owns compression equipment in excess of 650,000 HP and currently operates in more than 25 countries around the world. Construction is currently underway and the facility is scheduled to open in late 2011. Additional information will be included in the 2011 Annual Report.





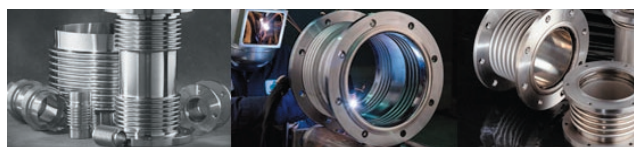
POWER PIPING

Fay-Penn assisted PPC Real Estate, LP with a \$1.2M acquisition and renovation project of an existing facility located at 126 Development Drive in the Greater Uniontown Business Park in Mt. Braddock, North Union Township, Fayette County, PA. PPC Real Estate purchased a 23,354 sq. ft. building on a 2 acre lot plus an additional half-acre of land adjacent to the building. This facility is leased to Power Piping Company, a privately-held mechanical contractor and industrial services provider. The company's fabrication and warehousing operations were relocated to the Fayette County facility. Fay-Penn's assistance included a low-interest loan in the amount of \$270,000 through the Fay-Penn Revolving Loan Fund. Additional funding included \$315,000 from the Pennsylvania Industrial Development Authority (PIDA).



HENWIL CORPORATION

Fay-Penn assisted Henwil Corporation, Newell, PA with two separate loans through the Revolving Loan Fund as part of a \$393,500 project. Henwil Corporation purchased the former nitric acid plant in Newell, PA in 2005. Henwil was established to support and manufacture products for the specialty chemical fields. Products are made for and used by other resellers, mining, paper manufacturing, municipal water plants, municipal waste treatment plants, odor control, agricultural chemicals, defoamers and super absorbents. These products are then shipped throughout the United States and Canada. The first loan, in the amount of \$43,500, was used to finance tank coatings and rail repairs at their location while a second loan, in the amount of \$120,000 helped to finance the start-up of an Alum plant. The company is expected to retain six (6) full-time positions as well as create a minimum of six (6) full-time positions over the next three years.



GHX INDUSTRIAL, LLC

In November 2009, Fay- Penn began working with GHX Industrial, LLC by providing site selection services and in April 2010 they announced that they were setting up a fabrication, warehouse and distribution center in the Fayette Business Park in Smithfield, Pennsylvania. GHX Industrial was formed in 2007 by the CapStreet Group and has 24 locations across the US Gulf Coast, California, Nevada and Pennsylvania. GHX is a

highly recognized value-added distributor and fabricator of industrial gaskets and hoses to cover a broad spectrum of applications for the industries they serve to reduce downtime and increase throughput. GHX set up local operations in the Fay-Penn Multi-Tenant Building #2 leasing 10,800 square foot of warehouse and office space. This project resulted in the creation of 5 new jobs and \$64,470 in private and public investment in Fayette County.





SHANE FELTER INDUSTRIES



In operation since 1970, Shane Felter Industries benefited from a \$125,000 loan from Fay-Penn's Revolving Loan Fund for an equipment and expansion project. The company constructed a paint storage room in order to reduce the amount of flammable liquids on their shop floor. Shane Felter also utilized the funds to purchase a bulk gas storage system to improve production efficiency and save on costs. The project resulted in the retention of 60 jobs.

STOP n SHOP

Fay-Penn provided a loan through the Fay-Penn Downtown Revitalization Loan Fund to Vince Crow and Marcy Guzik in the amount of \$80,000 to assist with the acquisition of an existing grocery store, the Stop n Shop located on Main Street in Smithfield. The \$195,000 project provided potential business growth opportunities to this 25+ year grocery store with improvements to deli/hot foods, adding a floral operation, introduction of \$1 merchandise, developing a local delivery within a 6 mile radius of the store, promotion of local produce during the summer months and a cosmetic facelift to the interior. This is the only grocery store located in Smithfield, PA and will result in the retention of 15 jobs.



NORTH STAR PLAZA, LLC/LITTLE KID ZONE DAYCARE

North Star Plaza, LLC received a loan in the amount of \$75,000 from the Fay-Penn Downtown Revitalization Loan Fund to assist with the acquisition of a commercial property on Route 51 for the purpose of developing a daycare facility that will serve approximately 50 children. Little Kid Zone Daycare, which has two (2) existing day care centers that are at full capacity, will be locating a third facility at this location. The North Star Plaza has a total of 12,824 sq. ft. that will be leased to existing and prospective clients. The day care facility is expected to result in the retention of 8 employees, and contingent upon enrollment, may result in new job creation.



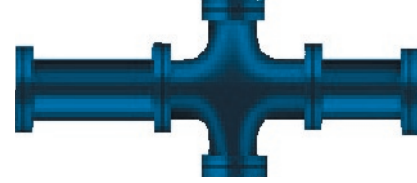
FAY-PENN COMMERCIAL BUILDING



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

Four (4) small businesses located in Fay-Penn's 10,800 sq. ft. commercial facility at the Fayette Business Park in Georges Township (commonly referred to as the Big Six Plaza). In support of the growing number of businesses located in the park, the Big Six Plaza offers commercial and retail services to the 1,300 employees working in the park and approximately 10,000 residents living within a five mile radius.

The following four businesses are operating at this location; Tony's Corner Deli, Health Works Rehab & Fitness, ABC School House and Smokin' Scissors Full Service Salon. This project resulted in the retention of 17 jobs, the creation of seven (7) new jobs and \$1,600,158 in private and public investment in Fayette County.



PENNSYLVANIA BUSINESS RETENTION AND EXPANSION PROGRAM

Due to 2010-11 budget cuts, the Pennsylvania Business Retention & Expansion Program (BREP) was discontinued. Prior to the program elimination, Fay-Penn staff met with 33 local businesses to assess their current and future needs. Ten (10) 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, Saint Vincent College – Small Business Development Center and the Steel Valley Authority. The future of the BREP program is unknown, but PA Governor Corbett's proposed budget includes reshaping economic development with job-friendly programs like "PA First" and "Partners for Regional Economic Performance" which may create new opportunities to continue the BREP program.

BUSINESS DEVELOPMENT ACTIVITY

Fay-Penn's Business Development Program answered 123 inquiries during 2010. Thirty-two (32) of those inquiries were for site selection assistance and fifty (50) were for financial/loan fund assistance. Fay-Penn's staff participated in the identification, packaging and closing of five (5) loan projects that secured \$780,000 in financing through Fay-Penn's Revolving Loan Fund, resulting in the creation and/or retention of 103 jobs. Financing was also secured from the Pennsylvania Industrial Development Authority in the amount of \$315,000 to assist one project.



In November 2010, the inaugural meeting of the Fayette Business Leaders Network (FBLN) was held at Penn State Fayette, The Eberly Campus. Fay-Penn, Penn State, Catalyst Connection and the Defense Procurement Assistance Center worked in collaboration to organize and sponsor this new initiative. The mission of the FBLN is to bring together executives from Fayette County and its surrounding areas on a periodic basis to network, provide professional education opportunities, and share innovative ideas with the goal of positively impacting the business community.

The first two meetings were very successful with nearly 40 local business leaders in attendance. Dennis Yablonsky, CEO of the Allegheny Conference was the keynote speaker at the inaugural meeting. Dennis talked about how the region is "energizing" an economic rebound. Dr. Robert DeJesus was the keynote speaker at the second meeting and gave the group an in-depth understanding of the changes and impact of the new federal Patient Protection and Affordable Care Act.

Community Development



A two-phased Fayette County Strategic Planning Process was completed during 2010. Issues facing Fayette County today are much different than they were in the past. New challenges exist and old local culture issues continue to hold the community back. 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.

Phase 2: Classic Strategic Planning Process to develop specific local community projects with specific implementation strategies, objectives and goals. During 2010, the planning process was completed with over 800 residents in attendance during two rounds of 17 community meetings. The plan document is expected to be finalized during 2011.

Visit www.fayetteforward.org for additional information.

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



170 residents and 30 Penn State students graduated from the Transformational Leadership Training



In 2010 Fay-Penn was successful in securing a \$105,000 Technical Assistance Grant and a \$500,000 loan from the United States Department Of Agriculture's Rural Microentrepreneur Assistance Program (RMAP) authorized by the Food, Conservation and Energy Act of 2008, also known as the Farm Bill. The

RMAP Program is designed to stimulate small business development by providing financing and technical support to small rural businesses and business start-ups that would not otherwise have access to these resources. The funds enabled Fay-Penn to expand on its existing Revolving Loan Fund by creating a new RMAP Program that provides affordable, non-conventional financing to eligible small businesses with ten (10) or less employees that have little to no access to commercial banking and requiring a loan of \$50,000 or less for business start-up, development or debt refinancing. It is expected that the RMAP Program may reach minorities, women, farmers and other individuals that may not otherwise qualify for funding or that may fail because of their inability to refinance current debt at acceptable rates and terms.

Visit RMAP.faypenn.org for additional information.





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. During 2010, the Local Economy Initiative staff generated a significant amount of interest and support for locally-owned businesses and farms, as well as to educate local citizens about why they should spend their dollars locally. Some of the activities include:

AGRICULTURE: Fay-Penn planned, organized, marketed and managed forty (40) farmers markets over a ten week period during the summer in four Fayette County communities, i.e., Uniontown, Masontown, Ohiopyle and Connellsville. Additional farmers markets were held in conjunction with three fall festivals celebrating the 2010 fall harvest. Fay-Penn promoted the events through billboards, television commercials, radio spots, and printed advertisements, etc.

ENERGY: Fay-Penn assisted Iberdrola Renewables and aggregator, Just Energy/ Hudson Energy, in their effort to offer locally produced wind energy at a fixed cost that is being produced at the South Chestnut Wind project, located in the Chestnut Ridge mountains, south of Uniontown. The use of renewable energy as a means to preserve and improve the community and environment for future generations is strongly encouraged and supported.

COMMUNITY REINVESTMENT FUND: In November 2010, Fay-Penn launched the Buy Local Community Reinvestment Fund that is capitalized by donations from all participating Buy Local Network Businesses. Interested non-profit groups are encouraged to submit grant applications to assist in funding local community projects.

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



BUY LOCAL NETWORK



On Earth Day, April 22, 2010, the Fayette County Buy Local Network was successfully launched with 60 businesses initially joining. A partnership was formed with the Uniontown Herald-Standard and 20,000 Buy Local Community Discount Cards were distributed to local residents. The local economy, local character, local health, local environment, local food system and local reinvestment are all part of the foundation of the community. The Buy Local Network supports local businesses and strengthens these essential elements to ensure the future prosperity of the county. During 2010, several local municipalities, as well as the Fayette County Commissioners, declared May 2010 “Buy Local Month”; Two mascots – Boomer and Miss Bee – were introduced as the Buy Local Network mascots at the 2010 Fayette County Fair; and the membership was expanded to 100 businesses. Additionally, as part of the program, three (3) TV commercials were created and aired; a weekly radio show on WMBS 590 AM, referred to as “Locally Yours”, was developed and hosted; monthly “Be Local Buzz” newsletters were produced and distributed to over 20,000 readers through the Uniontown Herald Standard newspaper delivery.



Buy Local Mascots - Boomer and Miss Bee

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, and have distributed over 23,500 cards. Buy Local Discount Cards are used at all Buy Local Network participating businesses. Every time a customer uses their card to receive a discount, they also have the chance to enter a weekly drawing to win prizes from the businesses. At each of the farmers markets organized by Fay-Penn, the first 25 card users received five (5) “Buy Local Bucks” that could be used as cash at the market. This proved to be quite the promotional tool to generate excitement and participation at the markets. As a special promotion during the holiday shopping season, the Network celebrated “National Buy Local Week” by distributing dated, collectible Boomer the Bear ornaments, free to residents who used their Buy Local Cards at participating businesses.



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 in our communities.



For a listing of participating businesses visit
www.howyouspinit.com

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 education initiatives. With the intentions of providing 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. Through a PA e Mentoring grant; Smart Futures, a non-profit, has partnered with REACH to connect High School Youth and adult mentors.

REACH has also been working with the Tri-County Gas and Oil activities in Greene, Washington & Fayette Counties. The group has conducted several informational forums as well as presentations regarding potential job openings. Future activities will include a specific program for Fayette County School Districts with a special focus on the Career Technical Schools. This session includes employers from the Marcellus Shale Industry, Fay-Penn, Fayette Chamber of Commerce, Workforce Investment Board, CareerLink, ShaleNet, Penn State University/ Fayette-The Eberly Campus, local school districts, and most importantly, Fayette County's two Career Technical Centers. The conversation will review skill sets needed for employment within the industry and related fields.



*Westmoreland-Fayette County "Drop-Out Summit"
Oct. 12, 2010*

REACH was an integral part of a coalition of sponsors to hold a Dropout Summit last fall. The program, with representatives from the PA Dept. of Education, PA Partnership for Children and others, was held to help prepare school districts for changes made to determining graduation rates through the New 4 Year Cohort Graduation Method. Preliminary analysis was released by the PA Dept. of Education in March of 2011. The rates revealed that Fayette County schools are in need of improvement but parallel the poverty and demographics of the population. Students who don't graduate earn less and according to research, are more likely to turn to drugs and crime.

CONTRIBUTORS

- Duke Energy
- PNC Foundation
- Scottsdale Bank & Trust Co.
- UPMC

Fay-Penn recognizes with thanks the generous support and financial contributions from so many companies, individuals and organizations.

In 2010, REACH received \$86,000 in contributions in support of its efforts, \$70,000 of which is expected to be passed through to local school districts through the Education Improvement Tax Credit (EITC) program.

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

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

CAREER TECHNICAL TRAINING: "AN UNFILLED CRITICAL NEED"



In its role as the lead economic development organization for Fayette County, Fay-Penn continues to hear from existing and potential employers who 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, but also in finding workers with higher specialized skills necessary to remain competitive in today's economy. The challenge facing the County is: "What can be done in education to ensure our students are qualified to fill these available positions?" Employers have job openings they cannot fill! Potential employees with the proper skill sets are needed.

According to a recent study by the University Of Pittsburgh Institute Of Politics, Workforce Development Policy Committee: *"A filled pipeline of skilled workers is critical to a regional economy from two perspectives: A skilled workforce is fundamentally local. Companies often will pay to relocate professional staff but not to relocate a skilled worker. Accordingly, the ability of the region to attract companies that rely heavily on skilled workers is directly related to the availability and skill level of the nonprofessional workforce in the region. Secondly, the competitiveness of regional companies that rely on a skilled workforce also is directly related to the same pipeline. Without an ample number of well-trained skilled workers and the next generation of workers in the pipeline, regional companies will be at a competitive disadvantage, and the region also will not be able to attract new businesses."*

Fay-Penn has launched a website www.fayettesfuture.com that provides a list of weekly job openings as well as timely information regarding career technical education in Fayette County. Help from the entire community is needed to change the image of Career Technical Education. These career pathways can lead to a very rewarding and progressive career.

Fay-Penn will continue its efforts, but the power to make a difference lies with the parents, taxpayers and school boards. **No other local issue will have more impact on Fayette's economic future than public education.**

REACH also supports the need for quality Pre-K Programs. Our communities' wealth relies on the educational systems we are willing to properly fund and support. The Abecedarian Study presented by the Pennsylvania Learning Investment Commission clearly shows the positive difference quality Pre-K Programs can make - reduce special education placements by 18%, lessen students needing to repeat grades by 37%, improve graduation rates by 16% and increase number of students attending four year colleges by 23%. REACH has been collaborating with several groups and organizations to promote quality Pre-K Programs.



O F F I C E R S

Chairman	President	1st Vice Chair	2nd Vice Chair	Secretary	Treasurer	Asst. Sec.
						
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School Dist.



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Mark Fike
Account Executive
Paul Sprowls Agency



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Fayette County
Redevelopment Auth.



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Specialty Conduit &
Manufacturing, LLC



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Industrial Enterprises



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Exec. Director,
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Kasunic (D)
Dist 32, State Senator



Lawrence J
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Treas., Scottdale
Bank & Trust



Bryan Kisiel
Shareholder,
Kisiel & Rudnik



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Owner/Pres.,
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PNC Bank



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Uniontown
Newspapers



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Asst. VP &
Branch Mgr.
First Niagara Bank



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Mayor
City of Connellsville



Robert
McKeown
Owner
Ball Transfer Systems



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



Mike Mullin
Asst. VP & Commercial
Loan Officer
Parkvale Bank



Dennis Noonan
VP of Sales, Nemacolin
Woodlands Resort
& Spa



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Owner
Parsons
Insurance Co.



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Sampson



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George R. Smalley
Electric



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President
Stefano's Printing



Vincent A.
Vicites
Fayette County
Commissioner



Deb Wiltrout
Pres., Fay Co.
Assoc. of Twp.
Officials



Fred Wright
President
Ohiopyle Prints, Inc.



Edward
Yankovich
VP, International
UMWA Dist. #2

Financial Statements

Fay-Penn Economic Development Council

Statement of Activities January 1, 2010 thru December 31, 2010

CHANGES IN NET ASSETS:	TOTALS
SUPPORT	
Contributions	\$ 285,391
Grants	\$ 246,945
Member Contributions	<u>\$ 47,720</u>
Total Support	\$ 580,056
REVENUES	
Loan and Administration Fees	\$ 156,039
Rental Income	\$ 1,674,022
Gas Lease Revenue	\$ 202,402
Gas Royalties	\$ 56,710
Interest-Revolving Loan Fund	\$ 332,249
Investment Interest and Dividends	\$ 142,311
Interest-Other	\$ 15,278
Annual Dinner	\$ 19,065
Other	<u>\$ 19,840</u>
Total Operating Revenues	\$ 2,617,916
TOTAL SUPPORT AND REVENUES	<u>\$ 3,197,972</u>
EXPENSES	
Program:	
Revolving Loan Fund	\$ 42,172
SWPA Business Retention & Expan. Prog.	\$ 8,600
Buildings	\$ 1,175,545
Marketing	\$ 15,089
Federal Enterprise Community Admin.	\$ 20,443
Keystone Opportunity Zone Program	\$ 10,307
Keystone Innovation Zone	\$ 91,146
Education Initiatives	\$ 96,696
Fayette County Strategic Plan	\$ 60,587
Sustainable Community	<u>\$ 217,847</u>
Total Program Expenses	\$ 1,738,432
Support Services:	
General Administration	\$ 429,451
Business Assistance	\$ 490,002
Tourism Development	\$ 49,000
IDC Administration	<u>\$ 128,000</u>
Total Support Services	\$ 1,096,453
TOTAL EXPENSES	\$ 2,834,885
Increase in Net Assets	<u>\$ 363,087</u>
Net Assets:	
Net Assets-January 1, 2010	\$ 25,530,326
Increase in Net Assets	<u>\$ 363,087</u>
Net Assets - December 31, 2010	<u>\$ 25,893,413</u>

Statement of Financial Position as of December 31, 2010

ASSETS	
Cash and Cash Equivalent	\$ 2,920,106
Accounts Receivable	\$ 408,312
Other Assets	\$ 15,615
Revolving Loan Fund	
-Cash	\$ 1,462,831
-Investment in Marketable Securities	\$ 1,152,112
-Loan Receivable	
Capital Loans	\$ 4,486,081
Fayette Industrial Fund	\$ 945,663
-Investments-Loan Guarantee Program	\$ 300,000
Property, Plant & Equipment, Net of Acc. Depr.	<u>\$ 20,344,462</u>
TOTAL ASSETS	<u>\$ 32,035,182</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts Payable	\$ 83,425
Accrued Expenses	\$ 183,285
Security Deposits	\$ 127,614
Deferred Revenue	\$ 1,179,643
Mortgage Payable	<u>\$ 4,567,802</u>
Total Liabilities	<u>\$ 6,141,769</u>
Net Assets:	
Unrestricted:	
Revolving Loan Fund	\$ 15,078,768
Operating	<u>\$ 10,690,645</u>
Total Unrestricted	\$ 25,769,413
Temporarily Restricted:	
Operating	<u>\$ 124,000</u>
Total Net Assets	<u>\$ 25,893,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 32,035,182</u>



Fay-Penn Industrial Development Corporation

Statement of Activities January 1, 2010 thru December 31, 2010

CHANGES IN NET ASSETS:	TOTALS
SUPPORT AND REVENUES	
Contributions from Affiliated Organization	\$ 30,000
Land Easements & Leases	\$ 35,464
Shortline Operator Lease	\$ 35,615
Gas Well Lease	\$ 115,932
Investment Income	\$ 155
Other	\$ <u>3,579</u>
TOTAL SUPPORT AND REVENUES	\$ 220,745
EXPENSES	
Management and Administration	\$ 59,458
Real Estate Taxes	\$ 1,441
Omega Rail Commission	\$ 10,631
Contribution to Affiliated Organization	\$ 183,891
Depreciation	\$ <u>90,908</u>
TOTAL EXPENSES	\$ 346,329
Increase (Decrease) in Net Assets	\$ (125,584)
Net Assets:	
Net Assets-January 1, 2010	\$ 4,605,560
Increase (Decrease) in Net Assets	\$ <u>(125,584)</u>
Net Assets - December 31, 2010	\$ 4,479,976

Statement of Financial Position as of December 31, 2010

ASSETS	
Cash	\$ 146,922
Accounts Receivable	\$ 208,687
Net Fixed Assets	\$ <u>4,443,181</u>
TOTAL ASSETS	\$ 4,798,790
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts Payable	\$ -
Deferred Revenue	\$ <u>318,814</u>
Total Liabilities	\$ 318,814
Total Net Assets - Unrestricted	\$ <u>4,479,976</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 4,798,790

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

Fayette Business and Industrial Development Corporation

(formerly Fayette Industrial Fund)

Statement of Revenues, Expenses and Changes in Net Assets for the Period January 1, 2010 thru December 31, 2010

REVENUES	
Interest on Temporary Investments	\$ 2,364
Membership Dues	\$ 8,000
Meeting Reimbursements	\$ 380
Administrative and Service Fees	\$ 6,071
Park Tenant Income	\$ 5,800
Revenue from Land Sales	\$ 583,238
Gas Well Lease	\$ 196,974
Grant Revenue	\$ 1,474,122
Rental Income	\$ 15,144
Miscellaneous	\$ <u>29,373</u>
TOTAL REVENUES	\$ 2,321,467
EXPENSES	
Administration Fees	\$ 30,000
Real Estate Fees	\$ 79,559
Application and Service Fees	\$ 6,234
Interest Expense	\$ 33,774
Insurance	\$ 2,932
Office Expense	\$ 2,073
Legal and Accounting	\$ 4,327
Meetings	\$ 1,576
Property Operations	\$ 57,762
Engineering Fees	\$ 8,215
Grant Expenses	\$ 1,474,122
Other	\$ <u>1,113</u>
TOTAL EXPENSES	\$ 1,701,687
Excess of Revenues Over (Under) Expenses	\$ 619,780
Net Assets:	
Net Assets-January 1, 2010	\$ 3,022,818
Increase (Decrease) in Net Assets	\$ <u>619,780</u>
Net Assets - December 31, 2010	\$ 3,642,598

Balance Sheet as of December 31, 2010

ASSETS	
Cash in Bank	\$ 600,900
Accounts Receivable	\$ 149,236
Gas Lease Receivable	\$ 292,436
Fixed Assets - Land and Improvements	\$ <u>5,330,980</u>
TOTAL ASSETS	\$ 6,373,552
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	\$ 2,850
Accounts Payable - Retainage	\$ 70,717
Deferred Revenue - Gas Lease	\$ 541,680
Notes Payable	\$ 78,768
Long-Term Liabilities	
Notes Payable	\$ 1,915,138
Deferred Revenue	\$ 121,800
Deferred Revenue - Gas Lease	\$ -
Due to Fay-Penn	\$ -
Total Liabilities	\$ 2,730,953
Net Assets	
Contributed Capital	\$ 292,614
Unrestricted Fund Equity	\$ <u>3,349,985</u>
Total Net Assets	\$ 3,642,599
TOTAL LIABILITIES AND NET ASSETS	\$ 6,373,552

Special Thanks and Acknowledgements



Fay-Penn received financial support from individuals and businesses who share in the same desire of strengthening Fayette's economy. 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 2010, and to the 153 area businesses, organizations and individuals listed below whose annual financial contributions have aided in Fay-Penn's success.

\$1,000 - \$10,000

- ☐ Duke Energy
- ☐ Fayette County Commissioners
- ☐ Fayette County Community Action Agency
- ☐ PNB Financial Services Group
- ☐ Redevelopment Auth. of Washington Co.
- ☐ UPMC Health Plan

\$10,001 - \$100,000

- ☐ Laurel Highlands Visitors Bureau
- ☐ Scottdale Bank
- ☐ Commonwealth of PA
 - PA Business Retention & Expansion Program
 - Local Eco. Dev. Assistance Program
 - Ben Franklin Technology Development Auth.
 - Federal Recreational Trails Program
- ☐ US Dept. of Agriculture
 - Rural Business Enterprise Grant
 - Rural Business Opportunity Grant

Over \$100,000

- ☐ Commonwealth of PA - Grants

MEMBERSHIP

84 Lumber
 AAA East Central
 Advanced Acoustic Concepts
 American Broadband, Inc.
 American Water
 Argon ST, Inc.
 Atlantic Broadband
 BAE Systems
 Backyard Gardens
 Ball Transfer Systems, LLC
 Berish Agency, Inc.
 Berwyn S. Detweiler, Inc.
 Blaney Farms, Inc.
 Brodak's Shop-N-Save
 Brownsville Area School District
 Brownsville Bus Lines
 Centra Bank
 Century Engineering
 Centennial Chevrolet
 Chess Coal Company
 Communities in Schools of SWPA
 Community Bank, N.A.
 Community Engagement Group
 Computer Trends, LLC
 Connellsville Chamber of Commerce
 Connellsville Industrial Authority
 Connellsville Redevelopment Authority
 Creative Computer Concepts
 Dairy Queen of SWPA, Inc.
 DeFrank Development
 Demco Excavating, Inc.
 DeWeese, William H., State Rep.
 Donald M. Miller, Inc.
 Douglas Education Center
 Fairchance Construction Co.
 Fallingwater/Western PA Conservancy
 Fayette Chamber of Commerce
 Fayette Co. Housing Authority
 Fayette Co. Behavioral Health Admin.
 Fayette Co. Board of Commissioners
 Fayette Co. Community Action Agency, Inc.
 Fayette Institute of Commerce & Technology
 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.
 Franks Auto Supply
 Gallatin Fuels, Inc.

Garrett, Robert
 Gene & Boots Candies, Inc.
 George, Port & George
 George R. Smalley Co., Inc.
 Gerome Manufacturing Co., Inc.
 Gnagey Gas & Oil Co. Inc.
 Goodwill Industries of Fayette Co.
 Green Filter, USA, Inc.
 Ground Force Marketing Co.
 Hanson Aggregates, Inc.
 Hazemag, USA Inc.
 Holt & Bugbee Hardwoods
 Hranec Corporation
 Hunter Panels
 International Liner Co.
 J & C Builders, LTD.
 Jackson Dairy Farm
 Janney Montgomery Scott, LLC
 Kalman, Thomas, Attorney-At-Law
 Kasunic, Richard, Senator
 Kiesel & 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
 Laurel Machine Co.
 Marker Grounds Management
 Masontown Borough
 Masontown Trophy & Embroidery Co.
 McClure and Wolf
 McMillen Engineering
 Meloni's Restaurant
 MLP Steel
 Nemacolin Woodlands Resort & Spa
 Neubauer's Flowers, Inc.
 New-Belle Construction Inc.
 North Fayette County Mun. Authority
 O.C. Cluss Lumber Co.
 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
 Penosbscot Corp. (Kentuck Knob)
 Pine Hollow Mechanical
 Plumbers & Pipefitters #354

PNC Bank
 Prime Communications Inc.
 Private Industry Council of Westmoreland/Fayette
 PSI Packaging Services, Inc.
 Ptak's
 Quality Reclamation Services, LLC
 Redevelopment Authority of the City of Uniontown
 Redevelopment Authority of the County of Fayette
 Rittenhouse Bus Lines, Inc.
 Ruby, Joe T., DMD
 Sampson, Charmaine L.
 Scottdale Bank & Trust Co.
 Sensus USA
 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
 Township of Brownsville
 Township of Bullskin
 Township of Georges
 Township of German
 Township of Lower Tyrone
 Township of Luzerne
 Township of Redstone
 Township of Saltlick
 Township of South Union
 Township of Springhill
 Township of Upper Tyrone
 Township of Wharton
 Tribune Review
 Uniontown Hospital
 Uniontown Mall
 Uniontown Newspapers, Inc.
 United Dairy
 United Mine Workers of America
 Valley National Gases WV, LLC
 Vermin Control Co.
 Vitalink
 W.B. Kania & Associates, LLC
 W.R. Casteel Company, Inc.
 West Penn Warehousing
 Western PA Conservancy/Falling Water
 Westmoreland/Fayette
 Workforce Investment Board
 White Energy Services
 White Swan Flower Shop
 Wize Guyz Food Service, LLC
 WSW Holdings, Inc.



Fay-Penn

Economic
Development
Council

**2 WEST MAIN STREET
FIRST NIAGRA BANK BUILDING
SUITE 407
P.O. Box 2101
UNIONTOWN, PA 15401**

724-437-7913 - PHONE

724-437-7315 - FAX

INFO@FAYPENN.ORG

WWW.FAYPENN.ORG

Located in the Scenic Laurel Highlands