

ANNUAL REPORT 2012



FAY-PENN
ECONOMIC DEVELOPMENT COUNCIL



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CHAIRMAN'S MESSAGE

As we look back to Fay-Penn's twentieth anniversary celebration one year ago, we recall the organization's efforts and successes in leading the economic recovery to create a better future for Fayette County. We regard 2012 as the year of change in Fay-Penn's history.



Steve Neubauer
Chairman

The most significant change occurred with the announcement of Michael A. Jordan Jr. as the new Executive Director. This change in leadership started a new era for Fay-Penn that will continue to build on our past accomplishments and support our mission to maintain and increase employment opportunities in Fayette County. Two major financial transactions occurred this year as well:

- Fay-Penn merged with the Fayette Business and Industrial Development Corporation (FBID), thereby acquiring \$4.4 million in new assets.
- Fay-Penn's affiliated organization, Laurel Hill Development Corporation, announced the sale of the 26 mile short line railroad (purchased from CSX in 1996) to Southwestern Pennsylvania Railroad for a total of \$12.7 million.

As the economic development within our county continued to grow, the Fay-Penn team had significant growth, as well, with four positions either created or filled:

- A Business Development Specialist was hired, a Small Business Loan Fund was created, and Fay-Penn contracted with St. Vincent's Small Business Development Center to provide one-on-one business consulting services to clients, in response to the long-lasting need for existing and start-up small businesses.
- A Business Network Specialist was hired to collaborate with local businesses and increase the Buy Local Network base and to assist with local farmer's markets.
- A Workforce Development Specialist has been added to partner with educational institutions to ensure that students are receiving the appropriate training needed to maintain job-related skills and to provide employers with a well-trained workforce.
- A Communications Specialist was hired to build upon Fay-Penn's brand image and maintain consistent messaging and guide marketing and public relations efforts.

As improvements are made within the Fay-Penn organization, the effects of those enhancements will be felt county-wide. On behalf of Fay-Penn's Board of Directors, thank you for your enduring support. I look forward to another promising year full of opportunities that will continue to grow Fayette County toward prosperity.

A handwritten signature in blue ink, appearing to read "Steve Neubauer". The signature is fluid and cursive, written over a white background.

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 156 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.

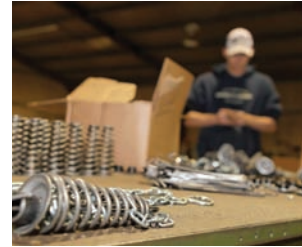
Fay-Penn's mission is to maintain and increase employment opportunities in Fayette County in an effort to improve the quality of life for all of its residents. This mission is met through a comprehensive strategy of specific economic development objectives. The organization primarily focuses on the manufacturing sector, in addition to a concentration on workforce issues, infrastructure development, and the local economy.

**Working to build a “better
environment for business
and life” in Fayette County ...**

PRIMARY OBJECTIVES

- Encourage new investments at existing business sites by offering a full-range of quality business development services
- Generate new commerce by revitalizing commercial areas through new community development and local economic initiatives
- Provide superior services by building local resource capacities and professional capabilities, such as developing new business sites, capitalization and management of Revolving Loan Funds, and developing partnerships
- Support ongoing improvements in workforce development and education to ensure that Fayette County is a great place to live and work
- Continue to administer local economy initiatives such as management of the “Buy Local” programs, promote agriculture and environment sustainability; and address public policy issues
- 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

FAY-PENN STAFF

Executive Director



Michael A.
Jordan, Jr.



Dana Opar
Communications
Specialist



Traci Klink
Executive
Assistant/
Dept. Manager



Gloria Calabro
Administrative/
Accounting
Assistant



Sandy McClelland
Administrative
Assistant



Linda Yuhaniak
Accounting &
Finance Dept.
Manager



Brenda Sapic
Senior
Accounting
Assistant



Ed Molchan
Business
Development
Specialist



Kimberly
Wyda
Accounting
Assistant

Asset & Contract Management



Tina W. Wargo
Asset & Contract
Department
Manager



Ron Cole
Construction/
Property
Coordinator



Twila Kendall
Technical
Assistance
Specialist

Economic Development



Dana Kendrick
Economic
Development
Dept. Manager



Devan Grote
Economic
Development
Specialist



Alicia Thompson
Economic
Development
Specialist



Tom Cramer
Workforce
Development
Specialist

Local Economy



Robert C. Junk, Jr.
Local Economy
Department
Manager



Lori Scott
Sustainable
Communities
Specialist



Jennifer Kooser
Business Network
Specialist



KEY PERFORMANCE INDICATORS

2012 BUSINESS DEVELOPMENT PROJECTS

	Jobs Created/ Retained*
BENNINGTON'S BUTCHER SHOP	1
BUZCOM, INC.	3
CITY ROTARY WALK	-
INNE AT WATSON'S CHOICE	2
REDSTONE EXCAVATING, LLC	8
SALVATION ARMY	-
SHALLENBERGER PROPERTIES	-
STEFANO'S PRINTING	**
U.S. ARMY CORP. OF ENGINEERS	-
WAR EAGLE RATIONS, LLC	6
ZRM ENTERPRISES	2
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RESULTS SUMMARY

	2012	1992-2012
COMPLETED PROJECTS	11	296
JOBS CREATED & RETAINED*	22	8,421
INCREASE IN ANNUAL PAYROLL	\$534,028	\$179,083,328
INCREASE IN ANNUAL TAXES***	\$21,735	\$7,736,723
CONSTRUCTION DOLLARS	\$12,091,698	\$519,606,389
NEW INVESTMENT	\$ 13,416,520	\$1,289,508,514
PUBLIC FINANCING	\$ 12,159,822	\$217,509,906
PRIVATE INVESTMENT	\$ 1,256,698	\$1,071,998,608

* The data recorded are based upon information provided by the companies and includes three-year new job projections

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

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

CAPITAL INVESTMENTS



Fay-Penn started the Revolving Loan Fund (RLF) in 1993 with \$1 million. By the end of 2012, the RLF has grown to \$14.9 million and is comprised of eight loan fund programs that assist eligible businesses by funding capital expansion projects in fixed assets, such as new equipment and facilities at low interest rates. Seven projects received \$359,822 in financing assistance through the RLF in 2012. These projects generated additional private investment of \$191,698 and resulted in the creation and/or retention of 22 jobs. To date, 160 projects have been financed involving over \$52 million in private investment.

Real Estate Activity

During 2012, Fay-Penn acquired 311 acres of vacant land and two new real estate properties, bringing its total number of buildings to 16 with a total of 445,889 sq. ft., and 1,625 acres of land in various locations throughout the county for future development.

As part of its industrial development investment plan, Fay-Penn acquired two parcels of land totaling 311 acres for approximately \$2.3 million to be developed as a new business park in Dunbar Township along Route 119, adjacent to the Fayette County Fairgrounds. Construction on the project is expected to begin in 2013.

In addition, Fay-Penn invested more than \$2.1 million to acquire a 40,000 sq. ft. building in North Union Township, currently occupied by Romeo & Sons, and the former ICMI complex located in Dunbar Township comprised of three vacant buildings totaling 65,300 sq. ft. The former ICMI buildings are being marketed for single or multi-tenant use.

Fay-Penn also operates and maintains three business parks and manages the former VFW Building on behalf of Laurel Hill Development Corporation, a Fay-Penn affiliated organization. Laurel Hill acquired the 18,080 sq. ft. facility located in the City of Uniontown as a potential multi-use facility.

The organization invested in excess of \$221,000 in capital and leasehold improvements to several of its buildings to accommodate tenants such as utility and HVAC installation, space build-out, roof repairs and replacements, signage, repaving parking lots, etc.

By the end of the year, two buildings were sold and a small tract of land was donated to the City of Uniontown. The land transactions are further described on the following page.





SHALLENBERGER PROPERTIES

Shallenberger Properties, LLC, acquired four parcels of land totaling 8.32 acres and a 58,000 sq. ft. manufacturing and warehouse facility located in the Connellsville Industrial Enterprise (CIE) Park in Bullskin Township. Shallenberger intends to utilize the land and buildings for the continued expansion of its construction operations and its support of the growing natural gas industry in Fayette County.

ROTARY WALK

Fay-Penn donated 2.85 acres to the City of Uniontown for the expansion of the Rotary Walking Trail. The parcel is located along Coal Lick Run between Pittsburgh Street and West Main Street. The City of Uniontown, the Uniontown YMCA and the Uniontown Rotary Club are working together to complete this project.



SALVATION ARMY

Fay-Penn sold a 5,000 sq. ft. vacant warehouse facility located in downtown Uniontown to the Salvation Army for a planned expansion in Fayette County. The sale included 1.3 acres located behind the current Salvation Army building. The building, previously occupied by Habitat for Humanity, is expected to be demolished to provide room for new construction.

RAIL ACTIVITIES

In 2012, Fay-Penn, through its affiliate organization, Laurel Hill Development Corporation (formerly Fay-Penn Industrial Development Corporation) sold the rail line in Fayette County to the shortline operator, Southwest Pennsylvania Railroad. Although no longer the rail owner, Fay-Penn continued its support of rail service by applying for and/or administering grants to support various rail improvements. Fay-Penn administered three grants from the PennDOT Bureau of Rail Freight, Ports and Waterways, Rail Transportation Assistance Program (RTAP). Three RTAP grants were underway during 2012. Two grants totalling \$2.5 million were used to assist in financing a \$3.6 million Transload Facility in Smithfield, PA. A \$1.2 million RTAP grant was approved in 2012 to be used to construct \$1.7 million in improvements to the 21 mile FM&P branch.



BUSINESS DEVELOPMENT



U.S. ARMY RESERVE CENTER

In March of 2012, the U. S. Army Reserve announced the purchase of approximately 20 acres in the Fayette Business Park in Georges Township for a new Reserve Center in Fayette County. The construction of the estimated \$11.8 million project is anticipated to support training of approximately 150 reservists

from Pennsylvania, Maryland and West Virginia. This state-of-the-art center is expected to house the Army Reserve 401st Medium Truck Company. Plans for the new center include a training facility, maintenance building and storage site that will provide administrative, educational, assembly, library, learning center, vault, weapons simulator and physical fitness areas for the unit.



Originally started in 1984, Buzcom was incorporated in 1994. Buzcom, Inc. is a Panasonic Silver dealer installing and maintaining digital and IP platform

communication products including phones, voicemail systems and cameras. Buzcom, Inc. has approximately 250 customers in the Tri-State area. Through the assistance of a \$60,000 low-interest loan from Fay-Penn's Downtown Revitalization Loan Fund (DRLF), Buzcom, Inc. purchased an existing 1,920 sq. ft. facility in downtown Uniontown, PA. This project allowed for the company's continuous growth and provided much needed storage space for equipment and work vehicles. The project also afforded the company an opportunity to improve its marketability by being more visible in the community, thereby providing better exposure to the public. The new space also allows the company to demonstrate the products and services that they have to offer. The total project cost was \$100,000, with additional funding for this project provided by owner equity. This project will assist in retaining two full-time employees as well as creating one new full-time job.





Formerly Farrell Machine for over 20 years, ZRM Enterprises (ZRM) has been operating as a sole proprietorship since September 2010. ZRM is a full-service machine production company specializing in marine and

mining repair as well as machining custom parts for the tug boat industry. The only machine shop in an 80 mile radius providing this type of work, ZRM performs repair and production of industry products, fabrication and design services. Fay-Penn initially provided start-up financing to ZRM in 2011. In 2012, Fay-Penn provided a \$50,000 loan from its Revolving Loan Fund to assist in financing the purchase of two essential pieces of equipment: a new Dynatorch Burn Table and a new Lathe. The Dynatorch Burn Table will allow work to be performed in-house, allowing ZRM to provide more competitive project bids. The project is expected to result in the creation of two full-time jobs.



Redstone Excavating, LLC has been in operation since 2007. The business, located in Brownsville, PA, offers all aspects of excavation work for local residential, commercial and government markets primarily in Fayette, Greene, Washington and Westmoreland counties. Redstone's objective was to start an excavation business in the area where they could utilize the skills of the local workforce and create jobs for the residents while further prospering

local economic and company growth. More recently, the company has become heavily involved in oil and gas industry projects. Fay-Penn assisted the company by providing a \$100,000 low-interest loan from its Revolving Loan Fund that enabled them to purchase and renovate an existing 40' x 60' block building on approximately two acres of land in Brownsville, PA to accommodate the needs of this rapidly growing company. The \$180,000 total project cost was also funded, in part, with financing from the Washington County Council on Economic Development (WCCED). This project is expected to result in the retention of eight full-time employees and the creation of eight new jobs within the next three years.



Inne at Watson's Choice

The Inne at Watson's Choice, a local bed and breakfast facility located on 43 acres of beautiful farmland just off Route 21, about four miles from Uniontown, has been in operation since 1997. Fay-Penn provided The Inne at Watson's Choice with a \$40,000 loan through its Tourism Loan Fund to assist in the construction of two fully equipped, stand-alone cottages to help them better accommodate extended stays, families and vacation rentals, thereby providing them with year-round income. The total project cost was \$111,698. Additional funding for this project was provided by bank financing and owner equity. Two full-time and four part-time jobs will be retained as a result of this project.



Fay-Penn assisted War Eagle Rations with start-up financing for B21 Coffee & Food Depot, as well as Liberty

Catering Corps. B21 provides an alternative to breakfast and lunch dining choices in downtown Uniontown with its array of freshly-baked pastries, crisp salads, hot soups, and made-to-order sandwiches. Liberty Catering Corps. was created as a strategic move into the catering sector of the food service industry. Through a partnership with Touchstone Center for Crafts, Liberty Catering Corps. became their preferred caterer for special events, providing three meals per day for staff and students at the Center during the season. Fay-Penn provided a \$63,000 loan from its Revolving Loan Fund to support the project. The project is expected to result in the creation of six new full-time jobs.

Bennington's Butcher Shop



Fay-Penn provided start-up financing for Bennington's Butcher Shop in Scottdale, PA. Specializing in wholesale meat products, Bennington's Butcher Shop provides fresh, USDA Prime

and Choice boxed, cut to order, "center of the plate" items to fine dining and white tablecloth restaurants. The business is a hybrid of a retail butcher/market and a food service distributor, combining the "local, friendly, neighborhood butcher" with the convenience of an order-for-delivery service. This approach has drawn the attention of fine dining establishments across the county and beyond. The nearly \$30,000 project was financed with a loan from Fay-Penn's Revolving Loan Fund. One full-time job will be created as a result of this project.





PENNSYLVANIA PARTNERSHIPS FOR REGIONAL ECONOMIC PERFORMANCE (PREP)



Stefano's
Printing, Inc., a
marketing and
promotions

company based in Dunbar, PA, provides design, production and printing services to assist local businesses with developing marketing materials. Stefano's in-house art department works with clients to create products that best represents their clients' needs. Fay-Penn provided an \$18,000 loan from its Revolving Loan Fund to upgrade its current color laser imaging device with a newer, improved device that will allow them to expand into the press-quality, short run print market. Incorporating the technology of this new piece of equipment into its production services will allow Stefano's to provide in-house printing services for previously sub-contracted work. Additionally, this investment will allow Stefano's to tap into the growing small-run, high quality market. This project resulted in the retention of six full-time employees.

In 2012, through the State's Partnership for Regional Economic Performance (PREP), Fay-Penn met with 37 unique clients, providing over 415 hours of business related services and counseling. Through the program, Fay-Penn staff was able to meet with three businesses seeking a combined \$10.1 million in financing to support their expansion plans in 2013. The financing to be obtained by these companies will support the creation and retention of 124 jobs in Fayette County.

The PREP program is designed to encourage regional coordination in economic development efforts, yielding superior customer service to the business community and a comprehensive, efficient statewide economic delivery strategy. Fay-Penn, along with economic development partners from nine other counties in SWPA, provides services to businesses for the purpose of growing sales, improving competitiveness and creating jobs.

As part of the PREP program, Fay-Penn presented a forum providing 26 attendees with information on how to access available tax credits for companies that invest in their communities.

BUSINESS DEVELOPMENT ACTIVITY

Fay-Penn's Business Development Program answered 151 inquiries during 2012. Fifty-four (54) of those requests were for financial/loan fund assistance, and 32 were for site selection assistance. Staff participated in the identification, packaging and closing of seven loan projects that secured \$359,822 in financing through Fay-Penn's Revolving Loan Fund Programs, resulting in the creation and/or retention of 22 jobs.

WORKFORCE AND EDUCATION



Today's highly competitive job market requires a quality workforce that is technically proficient, adaptable, and prepared to meet the challenges of an ever-changing job market. Throughout its existence, Fay-Penn has devoted much effort and resources to workforce development and education, with a primary goal of supporting the long-term economic growth of Fayette County. The methodology used is a convergence of two traditional approaches to workforce development; place-based and sector-based development. Through this combined approach, Fay-Penn assists employers in finding the human capital resources to remain competitive in their industry (sector-based development) while providing sustainable local employment opportunities (place-based development). Partnerships are established between the "end-users" of the available human capital (the employers) with the "supply-side" of the equation (the training/educational providers). Through a variety of programs, staff coordinates with local educational facilities to exceed employer requirements through world-class training and education. This effort meets the immediate personnel needs of a company while providing a diverse educational experience to the individual for future job-related skill requirements. By focusing education efforts toward core competencies in Science, Technology, Engineering and Math (STEM), employees attain the transferable skills needed to meet future workplace requirements.

EDUCATIONAL IMPROVEMENT ORGANIZATION

Fay-Penn is designated by the Pennsylvania Department of Community and Economic Development (DCED) as an Educational Improvement Organization (EIO) for Fayette County. As an EIO, Fay-Penn may receive funds directly from a business and redistribute the monies to a designated educational entity. Tax liability credits equal to 75 percent of a business's contribution (up to a maximum of \$750,000 per year) are authorized. Program and application information for the Education Improvement Tax Credit and other scholarship opportunities may be obtained from the DCED website at newpa.com.

CONTRIBUTORS

- Ohiopyle Prints

Fay-Penn acknowledges, with thanks, Ohiopyle Prints for making a \$1,500 financial contribution to be passed through to local school districts through the Education Improvement Tax Credit (EITC) program.

PARENT'S SYMPOSIUM

Fay-Penn participated in the development and implementation of a Parent's Symposium that was held at Ford Business Machines in November 2012. Expert panelists included representatives from the energy, medical and manufacturing industries. Well received by parents and the business community, the event was the first of its kind and marked a starting point for open communication between businesses and school age students who will become the workforce of tomorrow. The event was a collaborative effort of the Fayette County Chamber of Commerce, Westmoreland/Fayette Workforce Investment Board and the United Way of Westmoreland County.

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.

LOCAL ECONOMY INITIATIVE

Fay-Penn's Local Economy Initiative began in 2008 with focused efforts on making Fayette County more economically self-sustainable. Marking the end of its fourth year, the initiative had much success with the continued growth of the Buy Local program, agriculture policy initiatives, local Farmers' Markets and other local community and neighborhood involvement. Ongoing marketing and education efforts continued throughout 2012, utilizing the "Locally Yours" radio show that airs on the local radio station and the monthly "Be Local Buzz" Newsletter published in the Herald-Standard newspaper. More than \$70,000 in grants were secured from the USDA Specialty Crop Block Grant Program, the USDA Farmers Market Promotion Grant Program and The Fayette County Tourism Grant Program. Farmers Markets were held at various locations throughout Fayette County, including Uniontown, Connellsville, Brownsville, Masontown, Scottdale, and Ohiopyle, with new sites planned for the 2013 season. What follows are highlights of some of the 2012 activities.

EARTH WEEK

In celebration of its second anniversary, a seven-day Earth Week Celebration began on April 16th. The event included a tree planting and landscaping clean-up at Highlands Hospital; the presentation of the Evergreen Award and a free green tea and lemonade happy hour at Bud Murphy's served by celebrity bartenders; an ice cream social at the Ohiopyle Community Center; the MyOWN Equal Pay Day Rally in downtown Uniontown; a radio broadcast live from the Uniontown Hospital's Earth Day exhibit; and a screening of *Earth* the Disney Nature film and community picnic at Penn State Fayette - The Eberly Campus.

COMMUNITY REINVESTMENT FUND

The Community Reinvestment Fund is capitalized using a portion of the Buy Local Network membership fees. The fund provides needed capital for non-profit organizations to get innovative, high-impact projects off the ground. It also connects for-profit businesses to non-profit businesses, creating the collaborative support system that a sustainable community needs to survive. Community Reinvestment Fund Grants awarded in 2012 include:

Grantee	Amount	Purpose
Carnegie Free Library	\$1,000	Lighting
American Heart Association	\$1,000	CPR Training
East End United Community Center	\$1,000	Art Supplies
Uniontown Hospital Green Team	\$1,000	Recycling Cabinet
Intermediate Unit 1	\$300	Special Needs Children Support
Menallen Elementary School	\$1,000	Playground Improvements
Yough River Trail Council	\$1,000	Yough Trail "Bike Ride & Picnic"





**Major
Priorities:**

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



The Buy Local Network celebrated two years of successful, sustainable business practices and community involvement. Since its inception in April of 2010, the Buy Local Network has grown to include over 80 independently owned local businesses and numerous additional partners. The Network would not be where it is today, however, without its three main partners: Fay-Penn

Economic Development Council, Herald-Standard, and the Greater Connellsville Chamber of Commerce. Fayette County residents and visitors are encouraged to immerse themselves in the community through the Buy Local Network's many programs and events. Take advantage of the local character and unique offerings. Think twice before shopping or planning weekend events. Savor the flavor of Fayette year-round – work, play, and buy local.

SECOND ANNUAL BUY LOCAL SUMMIT

With 14 workshops, two dynamic keynote speakers, an array of local businesses, and inspiring conversations, the Second Annual Buy Local Summit was a success. The event, attended by 110, was held at the Fayette County Fairgrounds on September 15th. Yum Yum Bakery, a locally-owned business provided danish and bagels, while War Eagle Rations prepared a lunch using organic products and biodegradable silverware made from corn.

HOLIDAY BUY LOCAL "BERRY YUMMY COOKIE"

The Buy Local Network partnered with Yum Yum Bakery to create the unique "Berry Yummy Cookie." The cookies were sold during several



local holiday events and the proceeds were given to the City Mission of Fayette County. This promotion is expected to become an annual holiday tradition.

For a listing of participating
businesses visit
buylocaffayette.org

COMMUNITY DISCOUNT SAVINGS CARD

The new Buy Local Community Discount Card was unveiled in 2012. Nearly 20,000 cards were distributed to the Herald-Standard and Greene County Messenger home delivery subscribers. The new card is reflective of the Buy Local program website redesign and included a convenient key fob to be placed on key chains. Consumers can purchase and register their



cards on the Buy Local website at buylocaffayette.org and can use the card to obtain discounts and savings at participating businesses.





FINANCIAL STATEMENTS

Fay-Penn Economic Development Council and Laurel Hill Development Corporation

Combined Statement of Activities For the Year Ended December 31, 2012

CHANGES IN NET ASSETS:

SUPPORT AND REVENUES

Grants	\$ 3,946,248
Contributions	\$ 2,325
Member Contributions	\$ 51,255
Contributions of Net Assets from FBID	\$ 4,430,076
Loan and Administration Fees	\$ 101,582
Building Rental Income	\$ 1,935,739
Land Leases and Easements	\$ 6,476
Shortline Operator Lease	\$ 19,066
Gas Lease Revenue and Royalties	\$ 509,722
Interest-Revolving Loan Fund	\$ 241,258
Investment Interest and Dividends	\$ 75,023
Annual Dinner	\$ 31,440
Gain on Sale of Assets	\$ 8,528,820
Other	\$ 19,501

TOTAL SUPPORT AND REVENUES **\$ 19,898,531**

EXPENSES

Management and Administration	\$ 984,454
Building Expenses	\$ 793,690
Depreciation	\$ 968,116
Real Estate Taxes	\$ 6,601
Omega Rail Commission	\$ 1,451
Repairs and Maint. - Grant Expenses	\$ 3,671,730
Other	\$ 2,675
Revolving Loan Program	\$ 328,579
Workforce and Educational Program	\$ 122,186
Sustainable Community/Buy Local Program	\$ 319,505
Property Development & Operations	\$ 159,111
Marketing, Annual Dinner & Annual Report	\$ 195,755

TOTAL EXPENSES **\$ 7,553,853**

Increase (Decrease) in Net Assets **\$ 12,344,678**

Net Assets:

Net Assets-January 1, 2012	\$ 30,127,791
Increase (Decrease) in Net Assets	\$ 12,344,678

NET ASSETS - DECEMBER 31, 2012 **\$ 42,472,469**

Combined Statement of Financial Position For the Year Ended December 31, 2012

ASSETS

Cash and Cash Equivalent	\$ 9,360,663
Accounts Receivable, Net of Allowance	\$ 3,398,332
Other Assets	\$ 182,811
Revolving Loan Fund	
-Cash and Cash Equivalent	\$ 3,694,165
-Loans Receivable, Net of Allowance	\$ 4,225,751
-Est. Receivable under Loan Guarantee Program	\$ 74,000
Property, Plant & Equipment Net of Account Depreciation	\$ 29,409,562

TOTAL ASSETS **\$ 50,345,284**

LIABILITIES AND NET ASSETS

Liabilities:

Accounts Payable	\$ 1,616,366
Accrued Expenses	\$ 278,573
Security Deposits	\$ 149,946
Deferred Revenue	\$ 978,652
Mortgage Payable	\$ 4,849,278

TOTAL LIABILITIES **\$ 7,872,815**

Net Assets:

Unrestricted:

Revolving Loan Fund	\$ 14,039,418
Operating	\$ 28,400,626
Total Unrestricted	\$ 42,440,044

Temporarily Restricted:

Operating	\$ 32,425
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Total Net Assets \$ 42,472,469

TOTAL LIABILITIES AND NET ASSETS **\$ 50,345,284**

Fay-Penn Economic Development Council

Statement of Activities For the Year ended December 31, 2012

CHANGES IN NET ASSETS:

SUPPORT AND REVENUES

Grants	\$ 327,136
Contributions	\$ 2,325
Member Contributions	\$ 51,255
Contribution of net Assets from FBID	\$ 4,430,076
Contribution from Affiliate	\$ 551,069
Loan and Administration Fees	\$ 101,582
Building Rental Income	\$ 1,935,739
Gas Lease Revenue and Royalties	\$ 306,840
Interest-Revolving Loan Fund	\$ 241,258
Investment Interest and Dividends	\$ 45,661
Annual Dinner	\$ 31,440
Gain on Sale of Assets	\$ 121,804

TOTAL SUPPORT AND REVENUES **\$ 8,146,185**

EXPENSES

Management and Administration	\$ 859,123
Building Expenses	\$ 793,690
Depreciation	\$ 944,314
Revolving Loan Program	\$ 328,579
Workforce and Educational Program	\$ 122,186
Sustainable Comm./Buy Local Program	\$ 319,505
Property Development & Operations	\$ 159,111
Marketing, Annual Dinner & Annual Report	\$ 195,755

TOTAL EXPENSES **\$ 3,722,263**

Increase (Decrease) in Net Assets \$ 4,423,922

Net Assets:

Net Assets-January 1, 2012 \$ 25,775,621

Increase (Decrease) in Net Assets \$ 4,423,922

NET ASSETS - DECEMBER 31, 2012 **\$ 30,199,543**

Statement of Financial Position as of December 31, 2012

ASSETS

Cash and Cash Equivalent	\$ 2,98,265
Accounts Receivable, Net of Allowance	\$ 120,660
Other Assets	\$ 182,811
Revolving Loan Fund	
-Cash and Cash Equivalent	\$ 3,694,165
-Loans Receivable, net of Allowance	\$ 4,225,751
-Est. Receivable under Loan Guarantee Program	\$ 74,000
Property, Plant & Equipment, Net of Acc. Depr.	\$ 28,986,416

TOTAL ASSETS **\$ 40,267,068**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 38,694
Accrued Expenses	\$ 278,573
Security Deposits	\$ 149,946
Deferred Revenue	\$ 978,652
Notes Payable	\$ 4,849,278
Loans Payable - Laurel Hill Dev.	\$ 3,772,382

Total Liabilities \$ 10,067,523

Total Net Assets - Unrestricted \$ 30,199,543

TOTAL LIABILITIES AND NET ASSETS **\$ 40,267,068**

Laurel Hill Development Corporation

Statement of Activities For the Year ended December 31, 2012

CHANGES IN NET ASSETS:

SUPPORT AND REVENUES

Grants	\$ 3,619,112
Contributions from Affiliate	\$ 20,000
Land Leases and Easements	\$ 6,476
Shortline Operator Lease	\$ 19,066
Gas Well Lease	\$ 202,882
Investment Income	\$ 29,362
Other	\$ 19,501
Gain on Sale of Assets	\$ 8,407,016

TOTAL SUPPORT AND REVENUES **\$ 12,323,415**

EXPENSES

Management and Administration	\$ 145,331
Real Estate Taxes	\$ 6,601
Omega Rail Commission	\$ 1,451
Repairs and Maint. - Grant Expenses	\$ 3,671,730
Contribution to Affiliated Organization	\$ 551,069
Depreciation	\$ 23,802
Other	\$ 2,675

TOTAL EXPENSES **\$ 4,402,659**

Increase (Decrease) in Net Assets \$ 7,920,756

Net Assets:

Net Assets-January 1, 2012 \$ 4,352,170

Increase (Decrease) in Net Assets \$ 7,920,756

NET ASSETS - DECEMBER 31, 2012 **\$ 12,272,926**

Statement of Financial Position as of December 31, 2012

ASSETS

Cash and Cash Equivalent	\$ 6,377,398
Accounts Receivable	\$ 3,277,672
Loan Receivable - Fay-Penn	\$ 3,772,382
Net Fixed Assets	\$ 423,146

TOTAL ASSETS **\$ 13,850,598**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 1,577,672
------------------	--------------

Total Net Assets - Unrestricted \$ 12,272,926

TOTAL LIABILITIES AND NET ASSETS **\$ 13,850,598**

BOARD OF DIRECTORS

Jan. 2013

Chairman



Steve Neubauer
Pres./General Manager
Neubauer Flowers, Inc.

1st Vice Chair



William Blaney
VP/General Manager
Blaney Farms

2nd Vice Chair



James Foutz
Managing Partner
McClure & Wolf

Secretary



Mark Fike
Account Executive
Sprawls Insurance Group

Treasurer



Lawrence J. Kiefer
Treasurer
Scottdale Bank & Trust

Asst. Sec.



Leo T. Krantz, Jr.
Past Chairman
Fay-Penn

Exec. Dir.



Michael A. Jordan, Jr.
Executive Director
Fay-Penn



Dr. Francis Achampong
Chancellor
Penn State Fayette



Al Ambrosini
Chairman, Fayette
County Board of
Commissioners



Ed Balling
President
Fairchance Construction



Dave Berish
President
Berish Agency, Inc.



Brian Boyle
President
Uniontown Country Club



Nancy Dean Burke
General Manager
Mypodiamond



Todd Casteel
Division Vice President
W.R. Casteel a Division
of Gill Simpson



John F. Coleman
Financial Advisor
Janney
Montgomery Scott



Michelle Cunningham
Chief Executive Officer
Highlands Hospital



Henry A. Dunham
Vice President
First Federal Bank



Richard Ellsworth
Chief Operating Officer
United Network
Services, Inc. (UNSI)



Ed Fike
Mayor
City of Uniontown



Deborah Fox
Site Manager
BAE Systems



Edward J. Franczyk
Market President
United Bank



George Franks
President
Masontown Trophy



Wayne Freed
Vice President
Business Banking
First National Bank



Dan Gearing
Manager
Specialty Conduit &
Manufacturing, LLC



James Gnagey
Owner
Gnagey Gas & Oil, Inc.



John Hart
President & CEO
Gallatin Fuels, Inc.



Max R. House, Jr.
President
House Financial Service



William K. Jackson
Jackson Farms



Dr. Ed Jeffreys
Executive Director
Fayette County
Career & Technical Institute



Senator Richard Kasunic (D)
District 32
State Senator



Corbin Kearns
Plant General Manager
Johnson Matthey



Bryan S. Kisiel
Managing Shareholder
Kisiel & Associates, PC



Sharon Klay
Owner/President
Christian W. Klay Winery



Terri Knupp
Area Manager
First Energy/West Penn
Power



Raymond J. Koffler, II
Senior Vice President
PNC Bank



Val Laub
Resident



Vicki Marietta
Owner
Backyard Gardens, LLC



Charles Matthews
Mayor
City of Connellsville



Pat McCulloch
Partner
Computer Trends/
OffSite DataSafe



Robert McKeown
Owner
Ball Transfer Systems



Donald M. Miller
President
Donald M. Miller Roofing



Pam Moore
General Manager
Uniontown Mall



Mike Mullin
Vice President
First National Bank



Dennis Noonan
Vice President of Sales
Nemacolin Woodlands
Resort & Spa



Gregory A. Parsons
Owner
Parsons Insurance
Services



Bob Pinarski
Vice President/Publisher
Uniontown Newspapers



George Rattay
Retired



Frank Ricco
Secretary/Treasurer
Brownsville Bus Lines



Charmaine Sampson
Administrative Assistant
The Eberly Foundation



Tuffy Shallenberger
President
Shallenberger Construction



Jerry Shimko
Regional Vice President
Sales, Ford Business
Machines, Inc.



Rusty Smalley
President
George R. Smalley
Co., Inc.



Reid Smith
Vice President -
Business Banking
First Niagara Bank



Pat Stefano
President
Stefano's Printing



Mark Wasler
President
Kingfish Worldwide, Inc.



Fred E. Wright
President
Chioipyle Prints, Inc.



Edward Yankovich
Vice President
International UMWA
Dist. #2

Not Shown

John Yantko
Fay. Co. Board of
Twp. Supervisors

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 2012, and to the 156 area businesses, organizations and individuals listed below whose annual financial contributions have aided in Fay-Penn's success.

\$1,000 - \$10,000

- Ohiopyle Prints

\$10,001 - \$100,000

- Bank of America
- 2032 Trust
- Laurel Highlands Visitors Bureau

Over \$100,000

- Commonwealth of Pennsylvania
 - Department of Agriculture
 - Partnership for Regional Eco. Performance
 - Federal Recreational Trails Program
- U.S. Department of Agriculture
 - Farmers Market Promotion Program
 - Rural Business Enterprise Grant
 - Rural Microenterprise Assistance Program

MEMBERSHIP

84 Lumber
 AAA East Central
 Advanced Acoustic Concepts
 AFLAC - Jeffrey Folk
 American Broadband, Inc.
 American Water/PA American Water
 Anatomical Designs LLC
 Argon ST, Inc.
 Atlantic Broadband
 BAE Systems
 Backyard Gardens
 Ball Transfer Systems, LLC
 Bear Construction
 Berish Agency, Inc.
 Berkley Medical
 Berwyn S. Detweiler, Inc.
 Blaney Farms, Inc.
 Brodak's Shop-N-Save
 Brother's Lazer Service, Inc.
 Brownsville Bus Lines
 CalFrac Well Services, Inc.
 Catalyst Connection
 Centennial Chevrolet
 Christian W. Klay Winery
 Chess Coal Company
 City of Connellsville
 Columbia Gas of PA., Inc.
 Community Bank, N.A.
 Computer Trends, LLC
 Connellsville Area School District
 Connellsville Chamber of Commerce
 Connellsville Industrial Enterprises
 Connellsville Redevelopment Authority
 Dairy Queen of SWPA, Inc.
 DeFrank Development
 Demco Excavating, Inc.
 Donald M. Miller, Inc.
 Fairchance Construction Co.
 Fayette Chamber of Commerce
 Fayette Co. Behavioral Health Admin.
 Fayette Co. Community Action Agency, Inc.
 Fayette Co. Housing Authority
 Fayette Institute of Commerce & Technology
 Fayette Parts Service, Inc.
 Fayette Resources, Inc.
 Fiesta, John A. Agency
 First Energy/West Penn Power Co.
 First Federal Savings & Loan of Greene Co.
 First Federal Savings Bank
 First National Bank of PA
 First Niagara Bank
 Ford Business Machines

Fox Glass Company, Inc.
 Gallatin Fuels
 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.
 Greater Uniontown Heritage Consortium
 Hazemag, USA Inc.
 Holt & Bugbee Hardwoods
 House Financial Services
 Hunter Panels
 J & C Builders, LTD.
 Jackson Dairy Farm
 Janney Montgomery Scott, LLC
 Johnson Matthey, Inc.
 Kasunic, Richard, Senator
 Kingfish Worldwide
 Kiesel & Associates PC
 Koval Building & Plumbing Supply
 Krantz, Leo T. Jr.
 Laurel Business Institute
 Laurel Caverns/Laurel Conservancy, Inc.
 Laurel Highlands Outdoor Center
 Laurel Highlands School District
 Laurel Machine Co.
 Masontown Borough
 Masontown Trophy & Embroidery Co.
 McClure and Wolf
 McMillen Engineering
 Meloni's Restaurant
 MLP Steel
 Mypodiamond, Inc.
 Nemacolin Woodlands Resort & Spa
 Neubauer's Flowers, 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
 Parsons Insurance Services, LLC
 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, Inc.
 Radcliffe, DeHaas & Monaghan
 Uniontown Redevelopment Authority of the City of Uniontown
 Uniontown Redevelopment Authority of the County of Fayette
 ReMax Real Estate Professionals
 Sampson, Charmaine L.
 Scottdale Bank & Trust Co.
 Sepic Orthodontics
 Shane Felter Industries
 Shumar's Welding & Machine Service
 Sisters of the Order of St. Basil the Great
 Specialty Conduit & Manufacturing, LLC
 Sprowls Insurance Group
 ST Development Co., LLC.
 Stefano's Printing, Inc.
 Stephen R. Haky Funeral Home
 Township of Brownsville
 Township of Bullskin
 Township of Dunbar
 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
 Uniontown Hospital
 Uniontown Mall
 Uniontown Newspapers, Inc.
 United Bank
 United Dairy
 United Mine Workers of America
 Valley National Gases WV, LLC
 Valerus
 Vermin Control Co.
 Vertex Outsourcing, LLC
 Vitalink
 W.R. Casteel a Div. of Gill Simpson
 Webster & Webster
 West Penn Warehousing
 Western PA Conservancy/Fallingwater
 Westmoreland-Fayette WIB
 White Energy Services
 William B. Kania & Associates, LLC
 Wize Guzy Food Service, LLC
 WSW Holdings, Inc.
 ZRM Enterprises



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