

ANNUAL REPORT 2014



SKED’s mission is to create employment opportunities in a 45-county service area in Southeast Kentucky. We accomplish this by recruiting new businesses to the region, providing direct loans and technical assistance to entrepreneurs and small business owners and by providing economic development services to communities.



SKED Board of Directors 2014

The 12 men and women comprising the SKED Board of Directors in 2014 are a diverse group who live and work in communities throughout our service area in fields ranging from education to banking, utilities and workforce training. This all-volunteer board meets monthly to help shape the organization, keep its mission strong and make decisions affecting the lives of residents in 45 counties in Southeast Kentucky. They’re pictured back row from left: Michael Hayes, Corey Craig, Daryl Smith and Tim Barnes; front row from left: Darryl McGaha, Shirley Gifford, David Blakeman and Charlene Harris. Board members not pictured include: Dr. Jo Marshall, Virginia Flanagan, Ben Sams and Rodney Hitch.

SKED 2014 Impact

Number of staff.....	10
Number of loans/investments.....	18
Amount of loans.....	\$4.7 million
Amount leveraged.....	\$152 million
Jobs created.....	77
Jobs retained.....	113
Business owners counseled.....	235
Entrepreneurs trained.....	368

“SKED experienced a year of transition in 2014. For the first time in 21 years, a new executive director, Brett Traver, is at the helm of the organization. We are confident that Brett will lead SKED and its staff of professionals in maintaining the successes the nonprofit has worked so hard to achieve over the past 28 years and in developing new and important projects and partnerships in the coming months and years.”

Tim Barnes
President
SKED BOD





Brett Traver
Executive Director, Southeast Kentucky
Economic Development Corporation

Thank you for taking the time to review SKED's 2014 annual report. The organization has seen changes in the 2014, but so much has remained the same. When I came on board as the new executive director in July, I inherited a very successful Certified Development Corporation with a staff that has always kept the mission of advancing the economic development of Southeast Kentucky in mind. I hope you enjoy seeing a sampling of what this organization has been able to accomplish in 2014.

The past year has seen the creation of Shaping Our Appalachian Region (SOAR) by Congressman Hal Rogers and Governor Steve Beshear. This initiative will provide an even brighter spotlight on our region and how SKED can create a positive impact.

As we move SKED forward, we will strive to keep the organization financially strong and our programs successful to support our region and its people.

I would like to say thank you to the staff, our strong Board of Directors, our federal partners and the business and community leaders throughout our region. It takes all of these partners to move our region forward. As we work together to move Southeast Kentucky into the future, we will continue to strive to be worthy of your support and confidence.

2014 Highlights

- In 2014, SKED made 18 loans to businesses across its 45-county service region, with loan amounts totaling \$4.7 million. Business owners, assisted by this funding, invested more than \$152 million back into the state, created 77 new jobs and retained more than 113 existing jobs.
- East Kentucky native Brett Traver joined the SKED staff as its new executive director in July. Traver brings more than a decade of experience as a senior project manager with the Kentucky Cabinet for Economic Development to SKED. He spent the last two and one half years working for the Morehead-Rowan County Economic Development Council where he supervised the marketing of the John Will Stacy MMRC Regional Business Park and the Morehead-Rowan County Aviation Business Park.
- SKED was awarded a grant from the Appalachian Regional Commission in the amount of \$132,160 to assist the nonprofit economic development corporation to continue bringing its highly successful Entrepreneurial SMARTS training to residents across the region. The grant will fund training in eight communities across the region during this program period. Communities targeted include those in Clay, Estill, Harlan, Lawrence, Letcher, Martin, Metcalfe, and Wayne counties.
- The U.S. Department for Health and Human Services Office of Community Services awarded SKED \$741,000 to assist a Russell County manufacturer to expand its operations and create new jobs in the Lake Cumberland area. SKED will loan the funds to Dr. Schneider Automotive Systems, a Germany-based automotive supplier that's been operating in the Russell County Industrial Park since April 2014. The business announced it will create 155 full-time jobs when fully operational. Funds recaptured by the loan to this business will be used to invest in other businesses across SKED's 45-county service area.
- SKED continued to promote its SBA 504 Loan Program in 2014. Four SBA 504 loans were made to businesses in Lincoln, Fayette, Jefferson and Kenton counties totaling \$3.6 million. These businesses are investing \$10.6 million back into the region, creating 43 new jobs and retaining 63 existing jobs.
- Praetorian Standard, Inc. (PSI) located in the Enterprise Center in Valley Oak Technology Complex (VOTC) in Pulaski County. PSI has added eight high-tech positions to the 10-year-old business park's labor force. Headquartered in North Carolina with offices in Maryland, Virginia, Kentucky and Afghanistan, PSI creates and implements life support services such as intelligence coordination, protection management and situational analysis. The Somerset location will support numerous Department of Homeland Security/FEMA contracts.
- Entrepreneurial SMARTS training had another successful year offering nine training sessions where 92 entrepreneurs and small business owners graduated giving the program a 93 percent completion rate. Some 31 individuals received 62 additional hours of technical assistance through the program.

Swiss Metrology, OWINGSVILLE, KENTUCKY



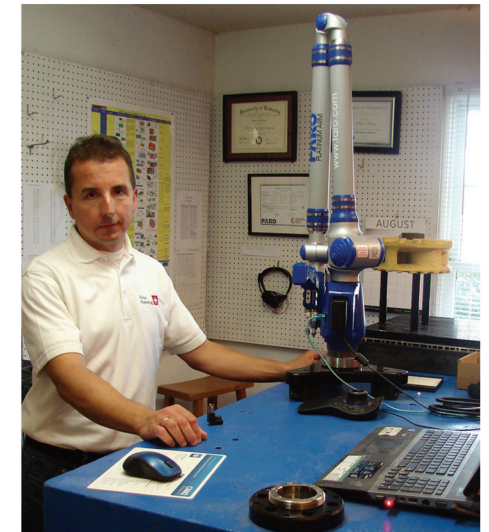
Bill Plutnick has an engineering degree and 30 years of experience in the manufacturing and aerospace industry. But, the University of Kentucky School of Engineering graduate had to take his experience in forensic analysis and metrology and go “back to school” as a member of SKED’s Entrepreneurial SMARTS class to learn how to write a business plan and put his knowledge to work for himself in his own small business.

Upon SMARTS graduation, Plutnick qualified for an SBA Micro Loan, through SKED, which he used to purchase new equipment and provide working capital for his small business called Swiss Metrology. As part of the U.S. Small Business Administration loan, he receives technical assistance training from SKED staff in areas ranging from accounting to marketing. Plutnick is currently serving clients from across the nation and state all from his small shop in Bath County, KY.

- One of 11 Micro Loans
- Traveled 800 Miles for Entrepreneurial SMARTS Training
- Toyota is One of His Customers
- Entrepreneurial SMARTS Graduate

“The main advantage of going with SKED over a commercial bank is that you are getting not just a loan, but a business partner with a highly experienced team who knows what it takes to be successful and will stand behind you.”

Bill Plutnick
Owner, Swiss Metrology



Russell County Farm Store, RUSSELL SPRINGS, KENTUCKY



Brian McElroy's top priority at Russell County Farm Store is helping local family farms survive and thrive. The young Southern Kentucky entrepreneur bought the livestock feed manufacturing facility from his former boss in 2010. He immediately began making it his own by combining his eight years of experience at the store with the knowledge he's acquired during his 18-year career in farming and beef production to take the 66-year-old business' customer service to a new level. McElroy can be found working behind the wooden counter in the store or "out back" helping a customer load their truck.

Wherever he is, McElroy's customers know he's putting them first. That's why improving the accessibility and delivery of custom bulk feed was a priority. SKED partnered with Kentucky Highlands Investment Corporation and the U.S. Department of Agriculture's Rural Business Enterprise Grant program to fund the business' facility expansion and the purchase of new equipment to increase efficiency. McElroy, who runs the business with his wife, Natasha, is now the proud owner of a new metal building housing 12 steel-walled bays, a computerized conveyor system and new silos.

- One of 3 Small Business Loans
- Just celebrated its 5th Anniversary
- Serves Customers from Across Kentucky
- New Equipment Increased Efficiency

"Working with SKED has been remarkable. They have always been only a phone call away, and gone out of their way to assist with whatever need or concern that arose during our building project. The expansion will help to improve our business in so many ways! Thank you to each person at SKED and the great work they do!"

Brian McElroy
Owner, Russell County Farm Store



Beer Engine, LOUISVILLE, KENTUCKY



Brian Holton, Ian Luijk and James Turpin, Jr. opened Kentucky's smallest brewery and beer bar – Beer Engine - in Danville, Ky. in 2011. Since then, the bar has acquired several titles and honors, including Danville's Oldest Brewery and Most Craft Taps in a Bar, both in Danville. The young entrepreneurs have created a community pub by expanding each of their customers' understanding of craft beer. In 2012, they purchased the old Zeppelin Café building, located in the heart of Louisville's Schnitzelburg community.

An SBA 504 Loan has given them the long-term, fixed-rate financing they need to complete the renovation. SKED and First Southern National Bank in Stanford partnered to assist the company in the financing. Since then, they've been renovating the 10,000-plus square-foot property and added warehousing for the necessary brewing equipment to make their beer onsite at the new location. Construction is ongoing, but Beer Engine 2 is expected to be open by the end of 2015.

- One of 4 SBA 504 Loans
- Smallest Brewery in Kentucky
- www.kybeerengine.com

"The main advantage of going with SKED over a commercial bank is that you are getting not just a loan, but a business partner with a highly experienced team who knows what it takes to be successful and will stand behind you."

Brian Holton
Co-Owner, Beer Engine



Entrepreneurial SMARTS



Pulaski County small business owner John Joplin, pictured, opened Cumberland River Cafe, located at 230 North Main St., Somerset, Ky. in 2014, after he took the Entrepreneurial SMARTS class.

- Third Year of Program
- Boasts a 93 percent completion rate
- 62 additional hours of technical assistance
- Helped launch 18 new small businesses

For the third year in a row, SKED's highly successful small business training program has made a marked difference in the lives of those enrolling and graduating from the course. A total of 10 sessions were held across SKED's 45-county service area in 2014. Eight were traditional outreach sessions. Two additional courses were held to meet specific workplace training needs, as well.

In April, SKED worked with workforce specialists in Liberty, Ky. to bring entrepreneurial training to Casey County educators. In June, we partnered with the non-profit Eastern Kentucky Concentrated Employment Program, Inc., located in Hazard, Ky. to bring small business training to displaced coal miners.

A total of 92 men and women of all ages and economic backgrounds earned certificates of completion in 2014. This number brings the total number of SMARTS graduates, since its inception, to 368, boasting a 93 percent completion rate.

"As part of our efforts to help Eastern Kentucky's laid-off coal industry workers discover new career pathways, we chose to partner with SKED to bring sessions of Entrepreneurial SMARTS to the region. In our work with these clients, we knew some desired to apply their skills and talents to starting up their own small business, so Entrepreneurial SMARTS' fast-track approach was an effective weapon in our arsenal to prepare, advance, and expand our region's workforce."

Jeff Whithead
Executive Director,
Eastern Kentucky Concentrated
Employment Program, Inc. (EKCEP)



Southeast Kentucky Economic Development

Thanks the following funding partners for their assistance in 2014

Appalachian Regional Commission

Commonwealth of Kentucky
Cabinet for Economic Development

Economic Development Administration

U.S. Department of Agriculture
Rural Development

U.S. Department of Health & Human Services
Office of Community Services

U.S. Department of Housing and Urban Development
Rural Housing and Economic Development Program

U.S. Department of the Treasury

U.S. Small Business Administration
SBA 504 Program

U.S. Small Business Administration
Microloan Program



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You may also write a letter containing all of the information requested in the form.

Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of the Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program-intake@usda.gov.